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NATIONAL RETAIL CREDIT ASSOCIATION

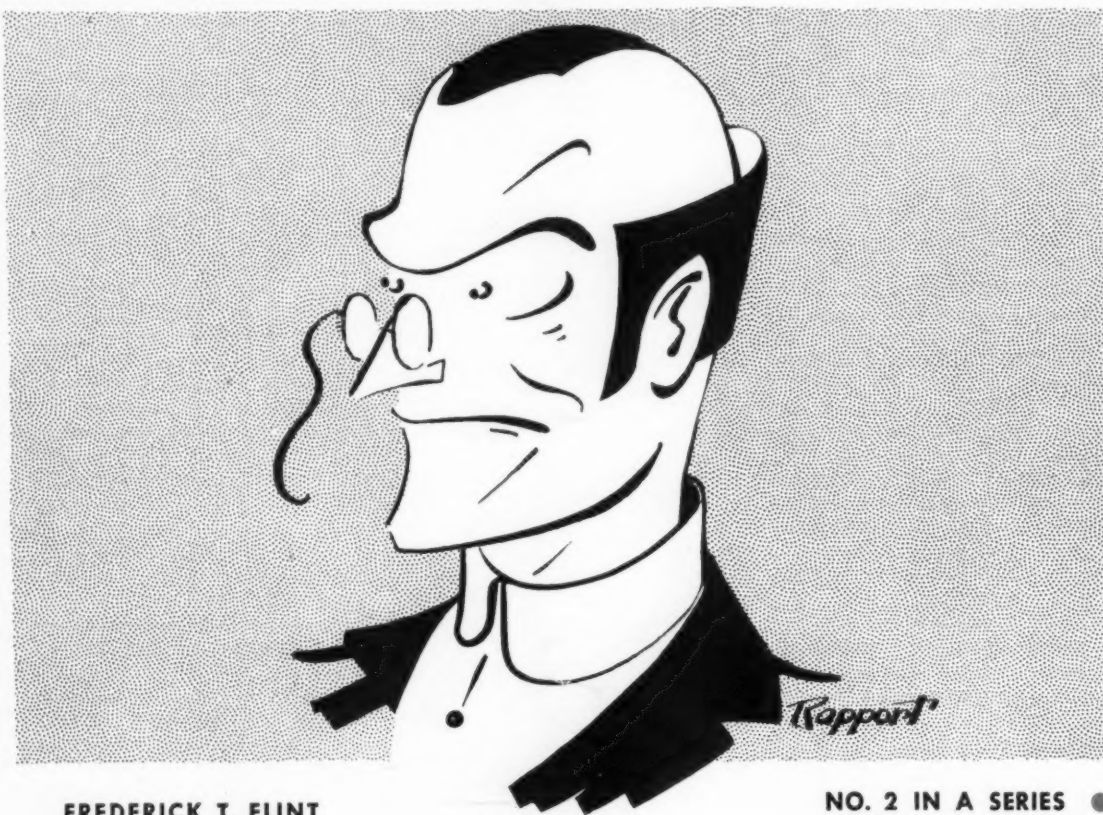
CREDIT GRANTERS' ASSOCIATION OF CANADA

CREDIT WOMEN'S BREAKFAST CLUBS OF NORTH AMERICA

ASSOCIATED CREDIT BUREAUS OF AMERICA

The Credit World

MAY 1948



FREDERICK T. FLINT

NO. 2 IN A SERIES ●
CHARACTERS IN CREDIT

There have been a lot of changes in policy at Flint's Department Store since Frederick T. inherited the business.

Mr. Flint doesn't believe in coddling customers, for one thing. He found to his horror that his firm was ordering *Factbilt* reports on newcomers and was encouraging them to charge merchandise. In addition, periodic checks were being made on ALL accounts to build credit business.

Mr. Flint stopped this foolishness at once. "Credit has no place in business," he told his wife. "Our experience has shown that some of even the 'best' people are slow. You can imagine what most credit customers must be like."

● WITH APOLOGIES TO.....

MEN OF DISTINCTION
MEN OF ADVENTURE AND
ALL GOOD CREDIT MEN

REPORTS ANYWHERE THROUGH OUR MEMBERSHIP IN

Mr. Flint has a lot of fun about his competitor across the street. This firm is granting credit on the basis of *Factbilt* reports from the Credit Bureau. Privately Mr. Flint will admit that some of his cash customers are now buying on credit across the street, but he is convinced that this condition won't last.

Frederick explains Flint's falling sales by saying that the postwar depression has already begun. And as for the statement that his competitor's credit losses are low — *Humpf!*

Fact of the matter is, Mr. Flint plans to quit business soon and watch his competitor go broke. He may even ask for a job with them so he can watch the fun when it comes.

Factbilt REPORTS

Associated Credit Bureaus of America
1218 Olive Street St. Louis 3, Mo.

The CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

L. S. CROWDER, *Editor*

ARTHUR H. HERT, *Associate Editor*

Editorial and Executive Offices . . . Shell Bldg., St. Louis 3, Missouri
Advertising Representative, T. W. Farrell, 64 E. Lake St., Chicago 1, Ill.

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Official Notice

To All Members of the National
Retail Credit Association:

You are hereby notified that the International Credit Conference of the National Retail Credit Association will be held in the city of Banff, Alberta, Canada, June 7-8-9 and 10, 1948, for the election of officers and four directors at large, and the ratification of directors elected by the respective districts, also the installation of officers and directors and the transaction of such business as may properly come before the meeting.

Officers Whose Terms Expire:

President, Hugh L. Reagan, Nashville, Tennessee; First Vice-President, Dean Ashby, Omaha, Nebraska; Second Vice-President, Richard T. Schatz, Spokane, Washington; and Third Vice-President, Clarence E. Wolfinger, Philadelphia, Pennsylvania.

Directors' Terms Expiring in 1948:

The terms of the directors for Districts 8, 9, 10, 11, 12, and 13, and four directors at large expire at the Conference. The directors elected by Districts 8, 9, 10, 11, 12, and 13, will be ratified and installed for two year terms and the four directors at large will be elected and installed for two year terms.

L. S. CROWDER
General Manager-Treasurer

Attest:
ARTHUR H. HERT
Secretary

A NEW STICKER

HAS IT OCCURRED TO YOU



that your unpaid account, if entered against your record in the files of the credit bureau, may jeopardize your credit standing?

The National Retail Credit Association, of which we are a member, is an international organization and in the files of its affiliated credit bureaus are maintained accurate, up-to-date records on millions of credit customers.

● PLEASE protect your credit standing by making payment NOW

A new sticker, the wording of which should influence chronic slow-paying customers to mend their ways. Tied in with N.R.C.A. membership and Bureau affiliation, it will command attention.

Only \$250 a thousand

National Retail Credit Association
Shell Building St. Louis 3, Mo.



What Makes Executives Tick?

MY JOB is studying men—and executives are my specialty. I have talked with hundreds of them in their offices—126 in ten months—visited their homes, met their families. I have walked along countless miles of factory production lines with them as they explained technological, financial, consumer, and personnel intricacies.

You cannot look at a frog and tell how far he can jump—but you can study the frogs that have jumped the farthest. That's what I've been doing and now I can report that there are certain common denominators and ever-present characteristics among men who rank at the top in business. Decide for yourself whether these men became executives because of these qualities or developed them because they became executives.

1. *They work hard.* The first thing noticeable in a successful executive is that he is not a clock watcher. He is willing to work hard and work all the time. The head of a Rochester company frequently sits up all night talking and working with his engineers on some serious and engrossing problem. This is the *sine qua non*.

If a man cannot become so engrossed in his job that he forgets time, he need not apply for admission to the select group of successful executives.

2. *They have imagination.* There must be vision to see through and beyond the tangible and present and possible into the impossible; to do creative thinking which will produce new results. A starry-eyed inventor rushes up to an executive with what might appear to be a hare-brained scheme; the smart man sifts the grain from the chaff, sees the possibilities, and in due course of time out comes a new gadget, airplane, or fabric.

3. *They believe in research.* Charles F. Kettering says, "Research is an organized effort for keeping you reasonably dissatisfied with what you have." Science is on the move; competition is ruthless. No successful man can be content with the accomplishment of yesteryear. Kettering also says, "I am only interested in the future for I expect to spend all my time in it." George Martin, late dynamic president of the Sherwin-Williams Company, was, at 79, as curious about the future and as interested as a college freshman.

4. *They have good memories.* Many top-flight men have an uncanny knack for remembering names, faces, facts, and figures.

One day I stood with Mr. Lewman, president of Richman Brothers, famous makers of men's clothing, as he greeted by name almost every one of the 2,000 workers who filed past him at the end of the day's work.

"Jenny, you need not wait; your sister has just gone out."

"Margaret, I know you are glad to have your husband home from the Army."

And on and on it went. Little wonder that this executive has a well-integrated group of workers.

5. *They have determination.* The executive door is closed to the weakling. A strong man has said, "He who gives back at the first repulse and without striking a second blow and despairs of success has never been, is not, and never will be a hero in war, love, or business."

I know a man who failed in every undertaking and at 50 found himself penniless and jobless. But he was *determined to succeed*. He now owns a plant of his own with 40,000 square feet of floor space and an output of \$600,000 a year.

6. *They are modest.* Doers are not boasters—they don't have the time. There are a few stuffed shirts who strut as though they had really done something. The bigger the man, the less he brags and the more he passes credit on to others.

"You'd be surprised," says Charles L. Wheeler, executive vice-president of Pope & Talbot, West Coast lumber and shipping organization, and a Past President of Rotary International, "at how much can be achieved if no one is concerned about who gets the credit."

7. *They are timesavers.* Many executives, especially in their early habit-forming days, strictly and carefully budgeted their time.

"I have driven myself from hour to hour all my life so as to do the necessary things rather than to loaf or waste time. Often I could have read a book, attended a movie, or 'shot the breeze,' but there was work to be done."

This speaker, at 56, is one of America's foremost industrialists. He now has the little book in which he kept his schedule while in grade school: "Rise at 6; bathe and dress by 6:10; chores about the house till 6:30; breakfast, study," etc. People today marvel at the territory Frederick C. Crawford, president of Thompson Products, covers.

8. *They are ambitious.* The "vaulting ambition which o'erleaps itself and falls back" is not desired, but there needs to be the impulse to surpass and to use every particle of talent. The contented person willing to let well enough alone will soon be blinded by the smoke from the blazing factories of the ambitious fellows who have filched his erstwhile customers.

9. *They know human nature.* An executive must be able to see through a man's inhibitions, frustrations, and the artificial smoke screen which is often thrown up, then properly judge his value.

There is a keen Princeton man in Buffalo, New York, who took over an insolvent industry, reshuffled the same men who had been alarmingly losing money, and without importing one person has paid off several millions of indebtedness and now heads a bluechip company.

10. *They are self-confident.* There will come many times in an executive's career when, after he has secured reports and tabulated divergent opinions, he must make the final decision—and often his verdict means the failure or success of his enterprise. He will have key men upon whom he must lean, but he must frequently walk alone.

The other day I sat in the office of a round-faced, boyish 30-year-old, down in the Mahoning Valley. He was

part owner with his brother of a jewelry store a while back. He decided to launch out into the unknown three years ago, got together 12 men, and started. He and a 34-year-old partner now control the business, which is eminently successful and provides jobs for 600. He is a strange fellow, does not know that capitalism is washed up, is ignorant of the fact that Russia is a better place to live than the United States of America, and is not aware that the frontiers have all been closed.

There are 3,650,000 businesses in the United States. A good working rule is that each one was started when a man and an idea got together and fought it out, with the man believing implicitly in himself and his idea.

I know numerous companies that started in a kitchen. Witness George Eastman mixing his emulsion; and Henry Ford turning the flywheel of a one-cylinder gasoline engine clamped to the kitchen sink of his home as his wife dripped gasoline into a tiny funnel that served as a carburetor.

11. *They listen well.* However keen a man may be, there are those in his organization who know more about many things than does he. A respectful listener makes an eloquent and sympathetic talker. I have had many men tell me that the laborers, mechanics, artisans, and workers down on the line know the answers to practically all the questions which might arise.

12. *They get along with people.* Armies followed General of the Army Dwight D. Eisenhower because they liked him. He knew how to adjust himself so as to gain confidence.

Associate Pleasantly With Workers

A good executive makes friends, wins people for himself and for his company. I have had close association with an executive of fantastic color who in a few years, has increased his personnel from 2,200 to 13,000, largely because he can associate pleasantly with his workers of all races—there are 36 nationalities in his plants—colors and creeds. His personality has won friends all over the country and increasing numbers become his customers because they like him.

13. *They are frank.* An increasing group of strong executives are putting all the cards on the table so their workers can know company policies, conditions, and future of their jobs. The mystery and magic should be taken out of business. The average worker is pretty smart and he is fair if he is in possession of all the facts.

One president had a chart drawn showing where every penny of the income was expended and the number of minutes worked each day to produce funds for the separate items. The startling result showed that the much abused stockholder received less than three minutes a day of each worker's time.

14. *They are articulate.* Management has felt that it was enough to do a good job and let it speak for itself. This is not the case. There has been a tremendous amount of thunder on the left during the past dozen years.

Nothing will help the competitive enterprise system more than to have each man tell his own story simply in his own back yard, because, after all, yesterday's bank clerk is today's bank president and the man poring over a drawing board or running a machine today will head the organization tomorrow.

This factual report on what makes men who boss different from other men was written by ROY RUTHERFORD. It first appeared in the January 1948 issue of THE ROTARIAN, official magazine of Rotary International. It is used here by special permission of the editors of that publication.—Ed.

15. *They are family men.* I have interviewed only six executives who have been divorced. When I mentioned this to Frank Purnell, Youngstown Sheet & Tube Company's president, he remarked, "This goes to prove that the women are long suffering."

A strong man needs a contented and helpful home life. To be a leader a man must possess self-control. Rarely is an executive a playboy. I have met only three or four such. They are serious in the acceptance of their responsibility and try to keep themselves in condition for the job. Most of them feel humble because so much depends on them.

16. *They are educated.* Few have time to read and practically all enjoy the out-of-doors. An increasing number are college men. About 15 per cent of those I have met have only grammar- or high-school education. Many of these are highly successful, but the demands are so great and exacting that a college-trained man will generally get the nod.

17. *They are good sports.* Executives have learned how to take the bitter with the sweet; they can carry on either as "prince or pauper." If they win, they are proud, but do not crow. If they lose, they seldom whine.

The consumer is the court of last resort. If he turns thumbs down and votes "No," management must sweat it out and either improve service and product or look for another job.

Life Is a Game to Some People

One man who now has 5,000 on his pay roll attended Harvard, played football on three of Percy Haughton's great teams, and was a champion wrestler. He came home from the Air Corps in World War I with a citation from General Pershing and \$1,000 which he had saved, rented a room, bought a secondhand lathe, stoked the stove, swept the room, and worked. Life is today a game to him and he plays his business for all he is worth.

18. *They are sincere.* A 14-carat-gold executive started in his father's company when he was a lad, studied worker-management relations diligently, learned the business through and through. He succeeded his father and his entire life is wrapped up in his work. It is his cult. His product is of highest quality. There is a superb factory and the worker-management setup is unsurpassed. He feels that a great responsibility has been laid upon his shoulders and he painstakingly carries it on.

Now and then you find an executive who acknowledges he is in business just to make money. More typical are the men who believe that by hammering away at production year after year they are creating new wealth. Their patriotism runs deep and is rooted in the conviction that about the best way to serve one's country is to raise the standard of living of the people. And that is done not through any other means so much as by hard work and producing the things people want at a price they can pay.

There they are: 18 marks of the executive. You'll find them generously distributed among the men at the top in business. If fate should reshuffle the cards and 500 average executives were to find themselves again at the bottom, I believe they would, because of these qualities, gradually but surely work themselves back to commanding positions. *They're that sort of men.* ★★★

Credit Careers

Frank Batty

FRANK BATTY, General Credit Manager, Hale Bros. Stores, San Francisco, California, one of the best known personalities in our national credit fraternity, retired April 1 from active duty, in accordance with the retirement plan for senior executives recently announced by that store.



Frank, therefore, leaves participation in city, district, and national credit affairs after a lifetime of executive credit management, twenty years of which were spent at Hale Bros. His retirement from Hale's main office in San Francisco was attended by a heart-warming ceremony, including the presentation of a sterling silver cigarette case and lighter suitably inscribed by his immediate employees and a handbound book of testimonials from the firm's executives and associates.

It would be difficult to list here his accomplishments in the field of retail credit and the many honors he has received. Frank Batty has been an ardent and enthusiastic supporter of the National Retail Credit Association for more than a quarter century, serving as President in 1932. At one time or another, he has been chairman of almost every important National committee. He is presently a lifetime National Director and has long been considered one of the most eloquent and effective public speakers in the country. His scores of addresses on credit and many other subjects throughout the west and at national conventions are still remembered as masterpieces of construction and delivery.

In addition to serving as the present Chairman of the Operating Committee of the Retailers Credit Association of San Francisco, he is four times Past President, Honorary Life Member of the Board of the Associated Retail Credit Men of San Francisco, and Past President of District No. 11, N.R.C.A., comprising the states of California, Arizona, Nevada, and the Hawaiian Islands.

Frank Batty's conservative business judgment and leadership, over the past quarter century, has contributed much of the progress and development enjoyed by our National Association, the District group, and San Francisco's credit fraternity.

We are glad to report that after a period of rest and relaxation at his delightful home beyond the Berkeley hills at Orinda, California, he plans to do some writing and occasionally deliver lectures and addresses for which his fame is widespread wherever members of the N.R.C.A. gather. His host of friends as well as officers and directors of the N.R.C.A. wish him a well-earned rest and continuing years of health and contentment. His home address is 55 Moraga Highway, Orinda, Calif., and we know he would like to hear from old friends.

Frank now joins the list of Honorary Life Members of the N.R.C.A. ★★★

Birmingham's Pay Prompt Campaign Tremendously Effective

Sam A. Ivey, Credit Manager, Pizitz, Birmingham, Ala.

THE PAY PROMPTLY campaign, sponsored by the Associated Retail Credit Managers, Birmingham, Alabama, April 1-10, was so tremendously effective that we almost called Brinks Service to put on extra trucks to haul deposits from our stores to the banks.

There were four corresponding parts to the campaign. The insert, which was a facsimile of the Merchant's Credit Association's *Blue Book* was the first. Its composition included all customers, from excellent to hopeless. So that all merchants and firms would be charged in proportion to their size, we priced them at \$7.50 per thousand, or \$1.00 per hundred; we sold 170,000. The inserts cost \$3.50 per thousand. The difference paid for newspaper ads and all other expenses.

Another part was radio spot announcements. Every station in the city gave free time. Wording was exact from the newspaper ads, thus tying-in the inserts, radio spot announcements, and newspapers. The ads were started on March 31 with a half-page. This was repeated April 1, the starting day of the campaign. These ads coincided with the inserts and radio spot announcements, repeating the "pay your bills" idea again and again. Three local papers featured daily editorials on credit.

The fourth part of the program brought back the Greek cynic philosopher, Diogenes, who died 323 B. C. History says Diogenes once lived in a bathtub, but gained a place in the hall of fame for his endless search of an honest man. On three occasions he was pictured and publicized in the Birmingham newspapers; a striking figure, six feet, eight inches tall, wearing a long black toga. For three days he strode up and down the streets of Birmingham. At the end of those three days, the 20th century Diogenes put out the lamp he used, and told credit men his search was over. He disclosed that the honest man is Mr. Average Man, who pays his bills promptly, the way folks should.

Identity of Diogenes a Secret

We made every attempt to keep the identity of Diogenes a secret until after the pay promptly campaign, he being on the streets for three days prior to April 1. Much to our dismay, he was identified by a newspaper, through a misunderstanding, however, we went right ahead and made the best of it.

The campaign's program included:

1. Three half-page ads in the local papers.
2. Radio spot announcements on available station-breaks, for ten days on six local radio stations.
3. Credit editorials in three local papers.
4. Diogenes walked the streets for three days from 10 AM to 2 PM.
5. Inserts in all bills from all stores.
6. Articles in the "Credit Reporter," which is our local Merchants Credit Association bulletin.
7. Local financial institutions and banks ran ads which tied-in with the campaign.

All of our stores are receiving excellent results from this campaign, and customers we have not seen in months are coming into our stores. Any city wishing to use all or any part of this program is welcome and you need not write for permission. We would, however, appreciate copies of your campaign program for our use next year. ★★★

(Note.—The National Office has prepared a new consumer credit advertising campaign. It contains 14 human interest advertisements, size 6 by 9 inches, prepared in mat form and ready to publish in your local newspapers over the signature of your local Association. The cost of the series is only \$35.00. Order the entire series today, and get your campaign started now. A portfolio illustrating all advertisements will be sent free on request. Address, National Retail Credit Association, 218 Shell Bldg., St. Louis 3, Mo.)

How to Cash Checks in Half the Time



Proved System Speeds Customer Service

With the Fas-Cash System your cashiers can cash customers' checks in as little as 6 seconds... up to 500 checks in an hour.

This practical system actually enables one cashier easily to do the work of two! You see, Fas-Cash eliminates all wasted motion... does away with counting and proving money every time it is paid out.

Investigate this proved system that builds customer good will for department stores, utilities, and other firms which cash a large volume of checks. Send coupon today for complete information.

FREE!

Send coupon for your free copy of illustrated folder. Explains how and why the Fas-Cash System will speed up your check-cashing... save you money!



FAS-CASH SYSTEM

Enables 1 Teller to do the Work of 2

FAS-CASH SYSTEM, INCORPORATED
Dept. CW-5, 112 Madison Avenue
Detroit 26, Michigan

Yes... we want to improve customer service. Rush details about the Fas-Cash System, together with free illustrated folder.

Name _____

Bank _____

Address _____

City _____ State _____

Credit Education in Minneapolis

M. A. Larson, Credit Manager, The Baker Co., Minneapolis, Minn.
Chairman, The Community and National Affairs Committee of Minneapolis

THE RETAIL CREDIT Association of Minneapolis has conducted a Pay Promptly campaign continuously for over 30 years presenting the need of paying obligations when due. Our Association approves this type of educational campaign as it brings home to the customer the importance of prompt payment of debts.

The advertising has been written by members of the Association or under the guidance of the Publicity Committee composed of Association members. Three of the ads for the present campaign are illustrated below. Minneapolis merchants have paid expense of these campaigns willingly.

On the discontinuance of Regulation W, the need of a larger program was apparent. Our Publicity Committee felt that this could be obtained by enlarging the support through additional donors. A brochure was mailed in September, 1947, to 1,500 individuals and firms doing a retail credit business in Minneapolis. The result was that a number responded with subscriptions by mail and a considerable number of others have responded by personal subscription. So far the annual fund has been increased from \$3,200 to \$6,700. Payments are on a monthly basis and subscriptions are continuous. The solicitation of funds is being made by Association members without any compensation whatsoever. However, each additional donation improves credit conditions in Minneapolis, which is, in reality, their compensation.

As one of our merchants remarked, "The amount that is paid into this fund should not be considered as an actual expense. This pay promptly publicity improves collections to such an extent that money is actually saved through a more rapid turn over of funds outstanding. Credit customers, knowing the need for prompt payment, accept reminders of unpaid accounts as a part of business procedure and do not take offense."

The brochure which we sent our merchants contained:

1. A facsimile of a letter signed by G. A. Sandberg, President, Retail Credit Association of Minneapolis. Mr. Sandberg said that for over 30 years the Association had been conducting credit educational programs in the city and that as a result there had been an acceleration in the prompt payment of charge accounts. In order to maintain this record we must continue an effective and ever-enlarging program of credit education. He then urged full financial support of the new campaign outlined on the following pages.

2. The six newspaper ads were illustrated, three of which are shown on this page.

3. A 12-page, two-color cover pamphlet was also illustrated. This educational booklet was prepared for distribution at civic organization meetings by Association speakers, for visitors and high school, college and university classes at the Minneapolis Credit Exchange offices. This booklet has been highly effective.

4. The highway signs were also mentioned. Brilliantly lighted, these outdoor signs, 15 by 42 feet, work day and night for prompt payment of bills.

5. The new account letters, educational panels, and newspaper stories were all noted as part of the campaign. The last two pages contained the following, "This effective campaign will help keep collections up. Will you do your part? Send your initial monthly check NOW! Help us to help YOU!" A return envelope and subscription card was attached to the last page of the brochure.

Should your community consider such a pay promptly educational campaign, we suggest that you plan to carry out this project on a continuous basis year in and year out. *Only in this manner is such an advertising campaign worth while.* ★★★

PROMPT PAY
PROMPT PAY
PROMPT PAY
PROMPT PAY
PROMPT PAY

ARE YOU BUILDING A GOOD CREDIT RATING?

Pay Promptly

RETAIL CREDIT ASSOCIATION OF MINNEAPOLIS

SELECT

MERCHANDISE CAREFULLY
AVOID EXCESSIVE RETURNS

PROTECT
YOUR CREDIT

RETAIL CREDIT ASSOCIATION OF MINNEAPOLIS

MINNEAPOLIS...

THE Prompt Pay City of America!

Be Proud OF YOUR GOOD CREDIT

Pay Promptly

RETAIL CREDIT ASSOCIATION OF MINNEAPOLIS

COLLECTIONS—The No. 1 Problem for 1948

F. Wm. Johnson, *Credit Manager, Neiman-Marcus, Dallas, Texas*
Vice President, Dallas Retail Credit Managers' Association

I CAN REMEMBER the credit man's daily routine in the early 1930's. I would enter the office, hang up my hat, pick up a stack of collection cards left over from the previous day, take a deep breath, and start dialing the telephone. Sometime during the day, I put six or seven collection cards in my pocket, put my hat back on, and started the circuit of the downtown office buildings, calling on businessmen and women who were just as discouraged because of their inability to pay their account as I was because of my inability to collect it.

That daily routine was interrupted occasionally by a customer calling to open a new account, or an occasional debtor to explain why he could not pay. In reviewing my experiences in the credit profession, those years were the most valuable. First, because I became acquainted with a large percentage of friends and customers of our store. Second, I learned that 98 per cent of our charge customers were fundamentally honest and anxious to retire obligations made in prosperous times. Third, a percentage of our charge customers, although entirely honest, need the guiding and restricting hand of a credit department to keep purchases within their ability to pay. The most important lesson I learned during that period was patience, keeping my head when men all about me lost theirs. As a result of that experience, I am convinced that the best training school for the credit manager is the collection department, and all young men we employ obtain such training.

During the past ten years, much of the art of collecting has been lost. Regulation W was the best collector credit business has known. While it was no guarantee against credit losses, it speeded up the paying habits of habitually slow and stopped the buying by poor credit risks so that losses taken on this individual were not so high, had the individual been permitted to buy three to four months before the account was eventually stopped. An economic factor is that Regulation W permitted stores to maintain a small percentage of losses. More people had more money than at any other period in history, and it is acknowledged that even the poor paying customer is easy to collect from if his pockets are bulging with money.

Collections Have Been Declining

Since August, 1946, collection percentages have been gradually declining. In December, 1946, they dropped about eight per cent country wide. Since then, the decrease has been small but noticeable. Alert stores have tried to minimize the decrease by bolstering their collection division.

Two important reasons for this decrease are: 1. An increase in cost of living without a comparable increase in income by a vast segment of our population, known as the "white collar" workers; and 2. actual decrease in earnings by a portion of the population without a corresponding decrease in wild spending to which they had accustomed themselves during war years.

Irrespective of the causes, the results are with us. What can we do about it? A store can collect whatever percentage of outstanding they want to. We must keep in mind that we can collect ourselves out of business.

The first step is for management to decide what collection percentage they wish to maintain, depending upon 1. the type of store, 2. general economic conditions, and 3. the store's individual financial structure. With this figure determined, it is the responsibility of the credit and collection manager to maintain that percentage. This figure may fluctuate for different stores. In one, a collection percentage of 75 per cent is sound, another might arrive at 50 per cent.

Now it is wise to not only know your collection percentage each month, but to have a monthly age analysis of your accounts. We consider our accounts to be in active collection when they reach an age of 105 days. By this time, the customer has received three statement enclosures and two letters calling attention to past-due account. It is important to know how many accounts are in collection at the end of each month so the trend may be followed from a statistical standpoint. We also know the amount in dollars outstanding at the end of each month for accounts 105 days or more old; the number and amount, and the individual names of customers owing \$500 or more. A list is made up each month showing name, address, and amount of this group of customers, to which we give special attention.

Credit managers who watch and read the signs of the times, and fortify their collection departments in advance, will be the ones that show the best operation in more difficult periods ahead. ★★★

Books

ON BUSINESS LETTER WRITING

By W. H. Butterfield

CREDIT LETTERS THAT WIN FRIENDS (Univ. of Oklahoma Press, Norman, 1944, 98 pp., price \$1.75)

SUCCESSFUL COLLECTION LETTERS (McGraw-Hill, New York, 2nd printing 1946, 250 pp., price \$2.75)

TWELVE WAYS TO WRITE BETTER LETTERS (Univ. of Oklahoma Press, Norman, new edition 1945, 186 pp., price \$2.25)

BANK LETTERS: HOW TO USE THEM IN PUBLIC RELATIONS (The Dahls, Stamford, Conn., 80 pp., price \$2.00)

Order from

NATIONAL RETAIL CREDIT ASSOCIATION

Shell Building

St. Louis 3, Missouri

The "New Look" in Collections

Charles F. Bovaird, *Collection Manager, Jordan Marsh Co., Boston, Mass.*

EVERYWHERE WE GO today, we hear about the "New Look." There is something familiar about it. It is the style our mothers wore, still it is different. What is this difference? It is the old style being presented to us on a young lassie. It is the same with collections; the old theory with a new approach. Therefore, we find the "New Look" in collections. The new approach, progressive dunning, is simply the old theory, "collect the account today but retain the good will of the customer for tomorrow."

Credit personnel should be collection minded. What is progressive dunning? When does it start? Progressive dunning is directness. Overdue accounts proceed from one classification to another automatically. They must never be allowed to be dormant. When do you start progressive dunning? Some may say immediately after it becomes overdue, others, thirty days after it becomes overdue, and still others, sixty days after it becomes overdue. Progressive dunning should start with the original application for credit, because an understanding with the customer at this time will help future collections.

Questions to Be Asked

The person taking the credit application should be a trained interviewer who is alert, friendly, tactful, and intelligent enough to get all the facts without appearing to ask too many questions. She will know she has all the facts by asking herself these two simple questions:

1. Have I obtained enough information to warrant the extension of credit requested?
2. Have I enough information to locate this customer should she move from her present address?

With these facts the interviewer may feel certain she has taken a complete application. But there is more to it than that. During the interview, educate the customer in the use of credit by having an understanding as to the amount of credit desired. If the applicant does not readily know his needs, the discussion may center around the applicant's income, thus arriving at a mutually agreeable figure. This is an important phase of the interview as it places the store in a better position to restrict purchasing if overbuying is attempted. However, it is advisable to explain to the customer that this is by no means the largest amount of credit we will extend to her. Should occasion arise whereby she desires to make a large purchase, she must see the credit manager who will be pleased to make necessary arrangements with her.

At the close of the interview, you should explain the terms under which the account is granted. These terms should be printed at the bottom of the application. Ask the customer to agree to these terms by signing the application. Some interviewers hesitate to do this, especially if the customer has indicated he is a person of substantial wealth, but there is a reason for taking this attitude.

Perhaps your approach to the matter will be more direct, but the customer should understand that we expect bills paid according to the terms agreed upon.

In progressive dunning, a reminder is mailed on overdue accounts. If the customer understands the terms, we avoid the ill will this reminder might otherwise occasion. You must have a plan and a purpose. After one or two simple reminders have been sent, each dun must then tie in with the next one. For instance: with your monthly statement, enclose an insert with every overdue account, and in the middle of the month, follow this dun with a letter. These inserts and letters should tie in, possibly in this manner:

1st overdue statement—a simple reminder.

2nd overdue statement—a simple reminder, followed in the middle of the month by a letter asking if anything is wrong—as you do not want anything to happen to affect her credit.

3rd overdue statement—An insert suggesting that no further charges be added to the account until it is paid; following, in the middle of the month, with a letter telling her, as a member of the credit bureau, you must report a past-due account should any member inquire about extending or granting credit to her, and suggest that she pay her account and avoid such a thing happening.

4th overdue statement—Another insert suggesting drastic action if the account remains unpaid, followed in the middle of the month by a letter from the credit bureau collection service. In our city, the credit bureau will send such a letter for a nominal charge.

5th overdue statement—An insert informing the customer that unless account is paid within ten days, it will be given to the law and collection department. In ten days send a letter from this department stating that the account has been placed with them for collection and ask if there is any reason why payment should not be made at once. In another ten days, another letter should be sent expressing disappointment in not having heard from her and request immediate payment. Again, ten days following, another letter should be sent telling her that you are preparing her account for legal action. Finally, you send a last letter telling her that this is your final appeal and if you do not hear from her within the next five days, you will have no other recourse than to commence legal action. At this point, the account should be given to an outside agency or attorney for collection.

With this "New Look" in collections, have an understanding with the customer with the opening of the account regarding terms and the amount of credit desired. If the account then becomes overdue, you are going to send out one or two simple reminders. After that, you are going to have progressive dunning; first a threat and then action, another threat and then action, another threat, and more action, until you have exhausted everything at your command. Then you should turn to an outside agency for help.

Business Leadership In the Postwar World

Harry W. Schacter, *President*
Kaufman-Straus Co., Louisville, Ky.

THE WORD *leader* has undergone a profound change in the last 25 years. Formerly it had an inspiring significance. In recent years, it has fallen drastically in the estimation of people. The fall of the word *leader* began in 1922. The Italians had a word for it, "Duce." The German's word for it, eleven years later, was "Fuehrer." Four years after that, the Spaniards adopted "Caudillo." When the totalitarians got hold of the word, whether it was "Duce," "Fuehrer," or "Caudillo," they gave it an entirely new meaning. Totalitarian leadership consisted of one man who did all the thinking, and the masses of people who did all the following. There was no room for difference of opinion; either you followed, received a dose of castor oil, a siege in the concentration camp, or a bullet in the brain.

The leadership principle as the totalitarians applied it, worked wonderfully, so long as everything went according to plan. One man threw the switch and all the little "goose-steppers" waded in, took Poland in three weeks, France in an equally short time, and so it went. When the totalitarians began to challenge American freedom, we developed leadership, too, and also went out to fight. But there was a profound difference between totalitarian and democratic leadership. In our leadership, one man did not do all the thinking. Many people were invited to join. While the great masses did the following, even their following was more self-reliant and more intelligent, with the result that the thinking of the leadership was being constantly improved by the criticism of the followers.

When the plans of the totalitarian leaders went awry, the followers were sunk. Being little "goose-steppers" not used to, and unable to think for themselves, they began to wander around in circles. On the other hand, when the plans of the democratic leaders had to be changed, the followers, being used to thinking, were able to change quickly and improvise in emergent situations.

One of the most exciting events in the history of World War II took place when the Remagen Bridge across the Rhine accidentally fell intact into allied hands. It was our first foothold across the Rhine. Within three hours after its accidental capture, the major plans of three great armies were changed. Within a few hours after that, thousands of American soldiers were pouring across that bridge. That is the kind of thinking that brought us victory. It is highly important that American leadership, in peace, continue in that same spirit. That leadership must be applied to every phase of business and industry. Men in positions of responsibility and leadership should ask themselves, "Just how do I use my leadership? Do I use it as the totalitarians did, by trying to do all the thinking, and use my subordinates as a bunch of 'goose-steppers,' or do I invite thinking on their part, too?"

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Business relationship is a relationship of people. No substitute for people has yet been found. America is becoming increasingly mechanized. Yet, the greater the mechanization, the more important people become. They are the major stock in trade in our great business establishments. Without them, all our mechanization, all of our systems, everything, would be at a standstill.

The first quality of democratic leadership is the recognizing of the worth of the individual as a human being. First, we must recognize that every employee, no matter how lowly his position, is a human being. In proportion, he has the same human aspirations, emotions, hopes and desires as the head of the organization. Whatever difference there is, it is one purely of degree. If people are our main stock in trade, we can build them up in their own estimation. The more we make them feel that they really belong, and that they are making a contribution to a common enterprise, the more we raise them in their own self-respect, therefore, increasing the value of our stock in trade as well as theirs.

The second quality of democratic leadership is the establishing of a relationship between the leader and the follower. That relationship can be fear, or trust and confidence. If it is fear, you will get little from your employee. Fear is the greatest deadener of human initiative. But, with trust and confidence, the opportunity for the individual to grow and flourish becomes great. The individual gladly follows, and thinks as he follows.

The third quality of leadership should be that of setting an example. Many times I have seen a group

(Turn to "Business Leadership," page 12.)

CREDIT MUSTS

1. Require a complete application containing the following:
 - A. Given name, middle initial and correct spelling of last name.
 - B. Full name of wife.
 - C. Number in family.
 - D. Last residence address and if resided there less than two years, the last previous address.
 - E. Whether owns home, boards or rents.
 - F. Name of employer. If more than one position held in the past three years, name of former employers covering that period of time.
 - G. Positions held and, if possible, the department in which applicant was employed.
 - H. Names and addresses of trade references, both open credit and instalment.
 - I. Bank references, and whether checking or savings account.
 - J. Name and address of one friend and one relative.
2. Obtain a full report from your credit bureau.
3. Be sure your credit terms and policies are understood by the customer.
4. Educate new customers to the importance of prompt payments. Follow such accounts in the early stages of delinquency.
5. Report to the credit bureau any account more than 90 days past due.
6. Permanently close accounts of chronic slow paying customers.
7. Do not permit the pyramiding of accounts. Observe credit limits, and if the customers are entitled to larger limits, increase them.
8. Deferred payment accounts should have the same intelligent handling:
 - A. Complete credit reports are essential.
 - B. Instalments should be followed in from three to five days following maturity.
 - C. Don't permit instalment customers to overbuy because they are to pay in monthly payments.
 - D. Follow customers for additional business, if payments have been met in a satisfactory manner and not more than three instalments remain unpaid.
9. Inactive charge accounts should be followed monthly and the reason for inactivity ascertained. This attention is appreciated and builds sales.
10. It is your responsibility to:
 - A. Increase credit sales.
 - B. Collect accounts promptly.
 - C. Build good will for your firm.



"Business Leadership"

(Beginning on page 11)

of employees gladly follow a leader who asks them to do only what he himself can and would do. A true leader goes forward with his people, perhaps a little out front, but taking them along with him. The false leader pushes from behind. The leadership that recognizes the dignity and worth of the individual, establishes a comradely relationship between leader and follower, leads from the front rather than pushes from behind, is all the more important and significant because of the spirit of our times.

This has been called the century of the common man. The common man is truly coming into his own. You can see that in the resurgence of labor all over the country and its dominance in many places. If there was ever a time for warm, human, understanding leadership, the thawing out of executive reserve, and inspirational leadership, that time is now. There are many cases where labor presents a difficult situation. These cases often involve only a small portion of our working force. We must not let that small portion overshadow the picture. We are on the threshold of a completely new era in employer and employee relationship. That relationship can be made successful only if we can make it an era of human understanding.

Many who have had difficult labor situations to handle, may smile at this, but the spiritual idea inherent in the relationship of human beings can be far more important today than many of the material considerations. It is generally thought that the basic struggle between employer and employee is that of wages and hours. Actually, every survey indicates that wages come about seventh or eighth on the list of what employees want. They give first consideration to those conditions which have to do with the human being as an individual, the recognizing of his dignity, his worth, and self-respect. Ponder that when the going gets rough.

Turmoil in Industrial Relations

We are going through a tremendous turmoil in industrial relations. There is a tendency to look upon labor as a monster. Yet, how many of us recall the conditions in the late '90's and the early part of this century when capital was riding just as high, was just as ruthless, and even more so than some of labor is today. The pendulum is merely swinging the other way and, as always happens, swings a little too far at first. Then when it gets to the extreme end of the arc, as it is just about doing now, the people step in to bring it back nearer center. We are in the midst of serious reconversion problems relating to merchandise as well as labor. Before long, we will reach a reasonable balance between the two. That balance will be as good or as bad as our leadership. If it is to be successful, that leadership must be warm and human, and prepared to meet the conditions outlined here.

When we do meet these conditions, America will go forward to an era of prosperity we have never yet seen. It will be an era where capital and labor will thrive and prosper together. Individual worth will come more and more into its own. *American leadership will set a shining example for all the world.* ★★★

How to Make Friends—By Telephone

TALK OVER the telephone so that people will like to call you or have you call them. The impressions we make over the telephone are important, more important perhaps than most of us realize. In both business and social life, our voices over the wire reflect our real personalities. When meeting people face to face, poor diction often times may be excused because of a winning smile or a warm personality, but when you talk over the telephone, your voice and your voice alone is you.

If you call from memory, you may get a wrong number. This irritates you and the person you have called by mistake. If you are not sure, it will save time to look up the telephone number in the directory. It is discourteous not to be ready to talk when the person you are calling answers the telephone. You should stay on the line until your party answers, or until you receive a report.

It is courteous to inquire if it is convenient for the person to talk. You would not break into a conference, and this same rule of etiquette applies over the telephone.

Use Lips Freely to Form Words

Your lips should be half an inch from the mouthpiece, and should be used freely to form your words. Speak to the person at the other end of the line, not at the telephone. When telephoning, say, "Thank you" and "You're welcome." The use of such phrases is the way to smile over the telephone. The person to whom you are talking will appreciate your listening politely and attentively. You would not interrupt in a face-to-face conversation, and the same rules of etiquette apply in telephone conversation.

Use the customer's name. There is no sweeter music to another person than the sound of his own name. When telephoning, explain delays; the customer cannot see you or what you are doing. He has to depend on what he hears. If you must leave the telephone, do not drop it on the desk. When telephoning, apologize for

mistakes. When you receive a wrong number, do you bang up the receiver or apologize to the other person for calling by mistake? It is equally courteous to be pleasant when someone calls you by mistake.

When your telephone rings, if you do not answer it promptly, the person calling may decide no one is there and hang up. If you answer at once, you may save important calls. When receiving a call, greet the caller pleasantly. Remember, you do not know who is calling. It may be your best friend or one of your best customers. Greet him as pleasantly as you would if you were meeting face to face. It is well to identify yourself. Avoid such old-fashioned, time-wasting answers as "Hello" and "Yes." Identify yourself, your firm or your department. Example: "Mr. Brown," or "Mr. Brown speaking," or, "Roberts Company."

When Answering Calls For Others

When answering calls for others, ask questions tactfully. Ask only those questions that are necessary, such as name and telephone number. You may want to use such phrases as, "I'm sure Mr. Smith would like to know who is calling," or "when Mr. Smith returns, may I tell him who called?" When answering calls for others, take the message: Note the name of the person who called, his telephone number, the time, and if he wants to be called. Then repeat the information to be sure it is correct. Deliver the message at the first opportunity. It is well to have paper and pencil ready at all times to take telephone messages.

Who should end the call? It is courteous always to allow the called party to end the call and hang up first. Some business firms prefer to let the customer hang up first. When through telephoning, hang up gently. Slamming the receiver may cause an unpleasant noise in the receiver of the other telephone. It is as discourteous as slamming the door.—*Northwestern Bell Telephone Co.* ★★★

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New N.R.C.A. Unit at Kalamazoo

THE RETAIL CREDIT Managers' Association, Kalamazoo, Michigan, March 12, approved forming a National unit. This action was recommended by their Vice-President, Mrs. Carrie Thompson, Gilmore Bros., and Chairman of the State Membership Committee, D. C. Hoyt, Port Huron, Michigan. Mrs. Thompson is also a member of this committee.

The purposes of the Association are: 1. To bring retail credit managers into closer relationship for the purpose of interchange of ideas. 2. To promote sound credit policies among all credit granters by means of regular meetings, which are held on the second and fourth Friday of each month. 3. To keep members informed as to all legislation pertaining to retailer and other granters of consumer credit. 4. To promote a publicity program that will be helpful in educating the public as to the necessity of prompt payment of accounts. 5. To encourage cooperation of the members to place all credit experiences of their customers with the Credit Bureau of Kalamazoo so there might be a central clearing house for their benefit, and 6. To work closer with the manufacturer and other employers of labor in the extension of credit and collection of accounts.

There is probably no community of 55,000 population in the United States that has a more active credit men's association. The average attendance since organization has been 49, with an average membership of 76. Meetings alternate a speaking program and a panel, open forum discussion, or experience type meeting each month.

As to the activities of the Association, the following is a record of accomplishments, general policy, and programs:

1. *Credit Fundamentals Course.* They have sponsored two classes of instruction for local retail credit managers and assistants, one each year, using the National Retail Credit Association's official text and reference book, *Retail Credit Fundamentals* by Dr. Clyde Wm. Phelps. To date, 55 have completed the course.

SHOWN BELOW, on the right, is Roy C. Andrus, President, presenting a list of 78 members to Mrs. Carrie Thompson, Vice-President, and local national membership chairman, thereby creating a Kalamazoo unit of the N.R.C.A. Witnessing the presentation is Ralph W. Mathews, Manager, Credit Bureau of Kalamazoo.



2. *Letter Writing Course.* With the use of another N.R.C.A. text, *Streamlined Letter* by Waldo Mara, 25 persons completed this letter writing course.

3. *Consumer Education Classes* were given for three years to the Senior students of local high schools. These educational talks were held in a series of five classes per day for a period of five days, with a total of approximately 600 students in attendance. Two speakers composed the program at each class. A member of the Association spoke on the subject of credit management, how to apply for credit the first time, and the importance of considering the credit manager a friend. A different speaker, representing credit management, was used for each class. The Manager of the Credit Bureau then discussed credit control from the standpoint of the Credit Bureau's place in the community, its function as an assistant to credit management, and the importance of maintaining a good credit record in the Bureau. A final ten minutes was allotted for open discussion and questions by the students.

The interest, as expressed by the students, leads us to believe that this type of program is well-received and worth-while. As a result of the students' reaction, the High School Principal and Teaching Staff say that their credit program each year is one of the most important outstanding programs being brought into the Kalamazoo High Schools. Arrangements have been made for a return engagement in 1949.

Credit Discussed on Radio

Following our first year's visit to the High School, during the next two years, students, allocated time by a local radio station, used 15 minutes to discuss credit. This shows that a definite impression was made by our efforts, and the benefits are passed on to the community.

We are now planning for a general assembly before the Central High School's 2400 students, next year, in order to reach all students of high school age.

4. *Pay Prompt Advertising Campaign.* The first year, National cuts were used with each individual ad. The paying merchant has his signature affixed. For the last two years they have used display ads, each Sunday, under the name of the Retail Credit Manager's Association. These ads are financed by each member-of the Association paying \$1.00 per month for educational purposes, in addition to their annual dues of \$10.00. Some firms have several associate members who are accepted at \$5.00 per year.

5. *Panel Discussions,* participated in by all members, on the local radio, feature the activities of the local Credit Manager's group and its purpose, as well as the Credit Bureau's place in the community as an aid to credit management.

6. *Credit Bureau Cooperation.* Credit managers have cooperated with the Credit Bureau by preparing a series of 13 radio programs, the first of which has been recorded. These programs are to be broadcasted once each week for a period of 13 weeks. They take an actual case history of a family with credit problems from the files of the Credit Bureau and dramatize it into a

15 minute radio program. The purpose is to bring into homes how it is possible for a family to become involved in credit beyond their ability to pay. The story continues, by way of education, in showing the family how they can get out of debt and return to a sound financial basis. The Kalamazoo Civic Players, a local non-professional group, many of whom are local merchants and credit people, take leads in this dramatization.

7. *Experience meetings.* It has been the policy of the group to sponsor at least two experience meetings per year, one in the fall and one in the spring. It is not their purpose merely to exchange credit information on customers but more to classify the common causes of why accounts become past due. In advance of the meetings, each attending member is given a list of names and their credit experiences. However, actual identity is not revealed in the discussion, as numbers are substituted for the names. These meetings have revealed that some people pay certain types of obligations promptly while other creditors report slow, unsatisfactory, or even charged-off accounts. Many instances prove that the great difference in paying habits is due directly to the credit manager, and reveals whether or not he is doing a good job of educating customers on the terms and credit policy of his store.

Personnel Meetings a Success

8. *Personnel Meetings.* This Association has sponsored one panel composed of personnel and credit men to discuss problems of mutual interest, in order to achieve a closer relationship and better cooperation between the Credit Bureau and local employers. This is an important and timely program because it is increasingly evident that personnel is taking the attitude of not divulging the income or workability of the individual employee without his personally signed request. Several more such meetings are planned.

9. *Panel Discussion Meetings* covering credit management subjects, including solicitation of accounts, interviewing the applicant, accepting or declining accounts, credit sales and promotion, and collections, are always popular and helpful programs.

10. *Speakers.* In the past four years at least four outstanding credit men have delivered messages to this group. These speakers always give the members a lift and inspire them to do a better job.

11. *Parties.* The Christmas time Association party has become a regular institution in Kalamazoo. In December, 1946, 457 people were in attendance. This party, which has become an annual affair, is in the form of a feather party. Many prizes such as fruit baskets, live turkeys, hams, canned goods, baskets of groceries, radios, electric irons, etc., are given away. This party's attendance is usually built up by credit managers' bringing their sales force.

In May, each year, to wind up the season, we hold a "Spring Let-Down Party." It is an afternoon of golf at the Country Club, a cocktail hour, a dinner, and an entertaining speaker; nothing serious, no business, just fun.

By way of recognizing a past president, the first president was presented with a silver plaque, suitably inscribed. Each president, since that time, has been presented with a fine watch, properly engraved. ★★★

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- Adjustment
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- Inactive Account
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- Account Solicitation

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PROGRAM HIGHLIGHTS

INTERNATIONAL CREDIT CONFERENCE, June 7-10, 1948

Banff Springs Hotel, Banff, Alberta, Canada

Tuesday Morning, June 8...

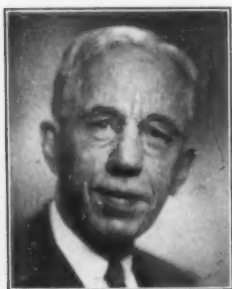
- 9:00—ASSEMBLY—BALLROOM
 9:15—CALL TO ORDER—Hugh L. Reagan, The Cain-Sloan Company, Nashville, Tenn., President, National Retail Credit Association.
 INVOCATION—Thomas Clarke, Ogden Retail Credit Association, Ogden, Utah
 SONGS—"O Canada"
 The International Anthem
 IN MEMORIAM
 WELCOME TO CANADA—Eric Marsden, Sterling Food Markets, Ltd., Vancouver, B. C., Past President, Credit Granters' Association of Canada, Director, National Retail Association.
 RESPONSE—L. M. Karpeles, Burger-Phillips, Birmingham, Ala., Past President, National Retail Credit Association
 10:15—APPOINTMENT OF COMMITTEES
 10:30—GREETINGS:
 Eleanor R. Wilson, Anderson Furniture Co., Duluth, Minn., President, Credit Women's Breakfast Clubs of North America
 S. T. Richardson, The British American Oil Company, Ltd., Toronto, Ontario, President, Credit Granters' Association of Canada
 Fred S. Krieger, Credit Bureau of Milwaukee, Milwaukee, Wisc., President, Associated Credit Bureaus of America
 11:00—"Business—A Guess—A Gamble—or a Guarantee"
 Captain A. A. Nicholson, Assistant to Vice-President, The Texas Company, New York, N. Y.
 11:30—"International Cooperation"
 Hon. E. C. Manning, Premier of Alberta, Edmonton, Alberta.
 12:00—"Canada's Need of U. S. Dollars"
 B. K. Sandwell, Editor-in-Chief, *Saturday Night*, Toronto, Ontario.
 12:30—ANNOUNCEMENTS AND ADJOURNMENT

Wednesday Morning, June 9...

- 9:15—ASSEMBLY—BALLROOM
 9:30—RECONVENE
 REPORTS OF COMMITTEES
 10:00—CREDIT CLINIC
 J. Gordon Ross, Chairman, Rochester Gas & Electric Corporation, Rochester, N. Y., Past President, National Retail Credit Association
 11:30—"Consumer Credit, Its Use and Abuse"
 Wm. H. Baldwin, Vice-President, General Motors Acceptance Corporation, New York, N. Y.
 12:00—INTRODUCTION OF:
 Honorary Life Members
 Officers and Directors, Credit Granters' Association of Canada
 Officers and Directors, District 10, National Retail Credit Association
 Officers and Directors, Pacific Northwest Credit Council
 Officers and Directors, Pacific Northwest Council of Credit Women's Breakfast Clubs
 12:30—ANNOUNCEMENTS AND ADJOURNMENT

Thursday Morning, June 10...

- 9:00—ASSEMBLY—BALLROOM
 9:30—RECONVENE
 AWARDING OF PRIZES
 10:00—CREDIT CLINIC
 J. Gordon Ross, Chairman, Rochester Gas & Electric Corporation, Rochester, N. Y., Past President, National Retail Credit Association.
 11:30—ACTION ON FINAL REPORT OF COMMITTEE ON CONSTITUTION AND BYLAWS
 REPORT OF RESOLUTIONS COMMITTEE
 WHERE SHALL WE MEET IN 1949?
 UNFINISHED BUSINESS
 12:00—ELECTION AND INSTALLATION OF NEW OFFICERS
 12:30—ANNOUNCEMENTS AND ADJOURNMENT



B. K. Sandwell



A. A. Nicholson



Hugh L. Reagan



Hon. E. C. Manning

Credit Women's Breakfast Clubs of North America

TENTH ANNUAL CONFERENCE

Banff Springs Hotel, Banff, Alberta, Canada, June 6-10, 1948

Program

Sunday, June 6...

2:00 P.M.—PRE-CONFERENCE BOARD MEETING,
Writing Room.

7:30 P.M.—ANNUAL BUSINESS MEETING, *Garden Lounge.*

Monday, June 7...

1:30 P.M.—SIGHTSEEING TRIP TO LAKE LOUISE.

Tuesday, June 8...

7:00 A.M.—ANNUAL BREAKFAST, *Fairholm Dining Room*, speaker, Hon. D. H. Elton, K.C., formerly Mayor, Lethbridge, Alberta, Canada.

Wednesday, June 9...

7:30 P.M.—BUSINESS MEETING, *Garden Lounge.*

Thursday, June 10...

2:00 P.M.—POST-CONFERENCE BOARD MEETING,
Hospitality Room, Parlor 212.

7:30 P.M.—GRAND BANQUET AND DANCE, *Ballroom.*

(All members are expected to attend the morning sessions of the N.R.C.A. and group meetings in which they are interested on Tuesday, Wednesday and Thursday afternoons.)



Eleanor R. Wilson
President
Duluth, Minn.



Mrs. Helen M. Lybold
First Vice-President
Butte, Mont.



Mrs. Pat Hughes
Second Vice-President
Birmingham, Ala.

Mrs. Connie M. Brown
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Francie Rowe
Financial Secretary
Washington, D. C.



Ruth Rosencrants
Historian
Kankakee, Ill.

CREDIT FLASHES

Indianapolis Celebrates 50th Anniversary

A half century of activity was observed recently by The Merchants Association, Indianapolis, Indiana. This 50-year mark was celebrated by an open house, which was held in their modern suite of offices. Hugh K. Duffield, President, Murray H. Morris, Manager, John W. Nottingham, Assistant Manager and other officers conducted approximately 500 guests on a tour through their 700,000-card Credit Bureau and Charga-Plate divisions; they also showed the one telephone, ledger, and filing cabinet that they started with years ago. Each lady was given a yellow rose and everyone received a souvenir letter opener. A dinner given for the Credit Managers' Advisory Committee topped off the celebration. The three Indianapolis newspapers gave unsolicited, extensive coverage to the affair.

CREDIT CONFERENCE AT COLUMBUS

A national conference on consumer credit was held on the campus of the Ohio State University, Columbus, Ohio, March 23 and 24, 1948. The conference was held under the auspices of the College of Commerce and Administration of the Ohio State University, with the joint sponsorship of national associations interested in consumer credit, including the National Retail Credit Association. The program was designed to provide an opportunity for the re-examination of the broader and fundamental aspects of consumer credit and finance at this time, when so many misconceptions on the subject prevail. For that reason, no provision was made on the program for any formal discussion of the numerous internal management problems. These matters, however, were discussed in connection with the open forums that followed the formal presentations at each session. All papers, and discussions will be published in the Proceedings, and will be available through our National office.

Shown below, on the left, is Dr. Theodore N. Beckman, Professor of Business Organization, the Ohio State University, who was Chairman of the conference. In the center is Henry H. Heimann, Executive Manager, National Association of Credit Men, New York, N. Y., who spoke on "Credit in Business." On the right is L. S. Crowder, General Manager-Treasurer, N.R.C.A., St. Louis, Mo., who was Chairman of the Luncheon session at which Mr. Heimann gave his address.



Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Quebec, Canada, and Nova Scotia, Canada) will hold its Annual Conference at the New Ocean House, Swampscott, Mass., May 10, 11 and 12, 1948.

District Eight (Texas) will hold its annual meeting at the Rice Hotel, Houston, Texas, May 9, 10, and 11, 1948.

District Ten (Idaho, Montana, Oregon, Washington, Alaska, Alberta, Canada, British Columbia, Canada, and Saskatchewan, Canada) will hold its annual meeting in conjunction with the 34th Annual Business Conference, National Retail Credit Association, Banff Springs Hotel, Banff, Alberta, Canada, June 7, 8, 9 and 10, 1948.

Harry A. Garrett

Harry A. Garrett, 78, one of Spokane, Washington's best known merchants until his retirement in 1940, died from a heart attack, at his home March 30, 1948. For many years he was head of Garrett, Stuart & Sommer, and his retirement followed sale of the firm to Thomas & Gassman. A past potentate of El Katif Temple, Mystic Shrine, Mr. Garrett had been active in Masonic work and was a life member of Spokane Elks lodge. He was President of the Spokane Retail Credit Association in 1938 and always active in Association affairs. At the time he retired, Mr. Garrett had been in the clothing business 52 years. In 1944 he and Mrs. Garrett celebrated their 50th wedding anniversary. We extend our deepest sympathy to Mrs. Garrett.

New Charga-Plate Group in New York

Customers of 12 New York stores now forming a Charga-Plate group will begin getting their plates on August 15th, according to present plans. The group will cover approximately one million accounts. Work of setting up the group is under the direction of a steering committee of which Stephen J. Finnegan, Assistant Treasurer, Stern Brothers, is chairman. The group plans to set-up a central office and to incorporate the organization under the name, Charga-Plate Associates, Inc. The member stores are: Bloomingdale Bros., Arnold Constable Corp., Franklin Simon & Co., Gimbel Brothers, Lane Bryant, Martin's, James McCreary & Co., James McCutcheon & Co., Saks Fifth Avenue, Saks 34th St., Stern Brothers, and Ware's Dept. Store.

Position Wanted

Executive with experience in credits, accounting and general office supervision. 14 years in retail shoe store and 6 years with ladies ready to wear store. Age 47, married. Will go anywhere. Box 381, The CREDIT WORLD.

Lawrence McDaniel

Lawrence McDaniel, 64, for many years legal counsel in St. Louis for this Association, died April 17, after a long illness. He was the Democratic candidate for governor of Missouri in 1940, and was formerly Circuit Attorney and Excise Commissioner. He was one of the most entertaining political speakers in St. Louis history. In recent years, he had been Parol Officer of the St. Louis Circuit Court for Criminal Causes. He is survived by his widow, two sons, and a daughter.

Are You Driving to Banff?

To those delegates attending the International Credit Conference at Banff, Alberta, Canada, the Great Falls, Montana Chamber of Commerce extends a cordial invitation to break the journey in this city of 44,000 population. Those motoring will especially find this a splendid overnight stop. Improved highways lead into Great Falls, and the trip northward to Banff goes through inspirational Glacier National Park and good highways continue through Alberta. Reservations will be made on request; just let the Chamber of Commerce know how many in your party and arrival date.

Will You Pass Through Calgary?

The Calgary, Alberta, Canada Committee is interested to know of the ones who will pass through their city enroute to Banff. They extend a cordial invitation to N.R.C.A. members passing through by car, or changing at Calgary for train to Banff. On Friday, June 4 and Saturday, June 5, there will be a suite at the Palliser Hotel for their accommodation, through the courtesy of the Calgary Credit Granters' Association.

Anne R. Rowell Completes Fifty Years of Service

Anne R. Rowell recently completed her 50th year as Credit Manager, Miller Brothers Co., Chattanooga, Tenn. She has been active in the local credit association and the N.R.C.A., being a member of the Quarter Century Club. She went with Miller's when the store was small and has been active in building the business which has played an important part in the commercial life of the city. Her credit career has indeed been outstanding.

New Officers and Directors at Long Beach

The Long Beach Credit Men's Association met recently to elect new officers and directors. Shown in the picture below, seated left to right, are: Charles Cross, Walker's, Vice-President; Joe Cooper, The Famous, President; and Florence Collier, Secretary. Standing: Edward H. Zepfel, Stricklin's, Director; Alden Olmstead, Imperial Hardware, Director; A. C. Hauck, McCrery's, Director; and Lester Humphrey, Buffums', Treasurer.



CHECK CASHING METHODS

Henry Hoklas, Credit Manager
The Young Quinlan Company
Minneapolis, Minn.

OFTEN THE ADVICE concerning checks on the part of those who criticize their acceptance, is to turn down every one which is presented to you unless you know, beyond the slightest doubt that the check is made by someone with whom you are acquainted, and that there are sufficient funds in the bank to cover the check. Alas, for such an adviser! Business cannot wait for motion that slow. You must pass on the check NOW.

Of course, most checks clear the bank and are paid without incident. There are enough of the "hot" type to warrant caution, so what are some of the means of watchfulness which are best to follow?

Here they are:

1. Read the check to see that the amount in numerals is the same as that in longhand.
2. Is the check signed?
3. If not made out to your firm, is it endorsed?
4. Does the endorsement resemble the writing on the front of the check? Perhaps the same person even with different names wrote out the entire check. Maybe it is a phony, but a glance will help you play the game safely.
5. Have you ever heard of the firm which wrote the check? A returned check on a business that never existed or which went out of operation six years ago is embarrassing when the check is returned.
6. And is there such a bank in that city or town? It is comforting to know.

Methods of Identification

While the person presenting the check is talking volubly about knowing Sam Smith at the bank and is passing out identification cards, notice whether the right initials are on her purse, and does the signature on the lodge card have the same eccentricities as the signatures on the check or endorsement. Maybe his name is printed on his bill fold. I have heard of some stores going as far as to check the laundry mark. Initials on a ring help to give assurance that the check is worth while. Is the check-casher watching you or is he unconcerned? The casual check-casher is more often the one who has the genuine check. Do not be rushed too much by the one who has to catch a bus or train in ten minutes. Catching you off your guard when you are talking to someone else by, "Will you please initial this check for me?" is a trick often used by the writer of rubber checks. Seldom will the one with the good check take exception to a reasonable inquiry into his or her identification. May your bad check record for 1948 be bright.

Editor's Note: There may be other ideas which you have as to cashing checks. Through the ideas of various members we could prepare a National Retail Credit Association check cashing manual. Will you send your thoughts, brief or long, to the National Retail Credit Association, 218 Shell Building, St. Louis 3, Mo. ★★



YOU ARE probably familiar with the general idea of a Mountain Resort, and to those who have not had the privilege of visiting the Canadian Rockies, it is suggested that you plan your holidays for June so that you may first attend the Conference proper, then have enough time left over to enjoy what the Banff Springs Hotel affords. Many forms of recreation are at hand, for instance, fishing, bathing, swimming, boating, golf, and motoring of course (miles of park roads provide safe rides over mountain valleys and passes). There is climbing, cycling, trail-riding—then, of course, shopping in local stores for novelties peculiar to the parks, as well as "English China," "Hudson Bay Blankets," etc.

You will enjoy the visit to Lake Louise, and the famous "Lake in the Clouds," and the numerous other trips one should not miss. This trip has been arranged as part of the entertainment, and may be made on Monday, June 7, before the Conference opens, or following adjournment on Friday, June 11. It is, therefore, desirable that, in your planning, you arrange for a few extra days to relax and to see the highlights of Banff and beyond.

The Special Train

Space on the special train has been assigned to all members who indicated that they are going to leave from Chicago, St. Paul, or Minneapolis. If you have not been contacted by representatives of the Burlington Railway or Canadian Pacific Railway, or, if you have not had confirmation of space, write the National office immediately. In the event you have not sent in your reservation and expect to go by the special train, your space should be requested at once. The train leaves from the Union Station, Chicago, 9:15 A.M., June 4.

To Those Who Drive

If you are driving to Banff, be sure you read the rules concerning the admission of automobiles to Canada for touring. They were published on page 20 of the April CREDIT WORLD.

What to Wear

As a result of many letters of inquiry concerning suitable dress at Banff, the following suggestions are made. Since mornings and evenings are cool, topcoats are needed for motoring. Due to sudden change in the weather, wind and rain repellant Sports Jackets should

be included in one's wardrobe. Riding clothes may be rented at the Hotel. For your convenience, lockers and dressing rooms are provided at the Swimming Pool so that dressing in rooms is unnecessary. Swimming Suits may be rented at the Pool. While these Hotels are summer resorts, conventional dress in Dining Rooms and Ballroom is desired at all times.

Tariff Regulations

Tariff regulations and rules concerning the admission of travellers' baggage were also published on page 20 of the April CREDIT WORLD. Be sure to read them.

Golf

If you are a golfer, bring your clubs with you. The evenings are long, and there will be opportunities to play between adjournment of group meetings in the afternoon and eight o'clock dinner.

Films For Your Camera

As films are scarce in Canada, we suggest that you purchase a supply before leaving home. They may be taken into Canada duty free.

Bungalow Courts

While all Becker's bungalows allotted to us have been assigned, three other Bungalow Courts are holding from 25 to 30 bungalows for late registrants. Rates range from \$5.00 per day for two persons to \$10.00 per day for four persons. The rate for each additional person is \$1.50 per day.

If You Must Cancel Your Reservation

If circumstances require cancellation of your reservation please notify the National office immediately. We, in turn, shall inform the hotel and your registration fee will be refunded. This is important as if you are not to be present, in fairness to other members and the hotel, we want to be in a position to assign cancelled rooms to others. The Banff Springs Hotel and Becker's Bungalows cannot accommodate additional members.

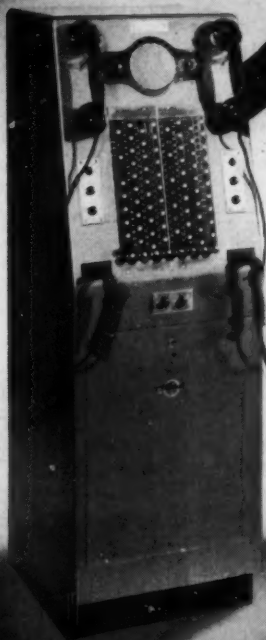
When You Arrive

Upon arrival at the Hotel, you may go immediately to your room without the formality of registering. Two keys will be found in the room—one in the door, the other on the bureau. Should you leave the room before your roommate arrives, please take the key from the bureau, leaving the key in the door for your roommate.

... it's the new

Charge Phone System

for
CYCLE BILLING



This 160 Station Authorizing Unit occupies only 16" x 18" of floor space. It embodies many new features which contribute to fast, accurate authorization of "charges."

This new National Charge Phone System is especially designed for coordinating "charge authorization" with Cycle Billing operation. It provides fast, pleasing service for the customer ... with safety and economy for the store.

THE NATIONAL CASH REGISTER COMPANY
DAYTON 9, OHIO

National
CREDIT AUTHORIZING EQUIPMENT
CASH REGISTERS • ADDING MACHINES
ACCOUNTING MACHINES

Please Mention The CREDIT WORLD When Writing to Advertisers

CREDIT DEPARTMENT

Letters

W. H. BUTTERFIELD

MANY AUTHORS on the subject of business correspondence have emphasized that the beginning and the ending of a letter are the two points of greatest psychological value. But these two key positions continue to be the weakest spots in most credit department correspondence. Every day hundreds of letters to consumers waste the strategic advantage of the first and last sentences.

The primary reason for "lame" letter openings is the writer's indecision about what he intends to say. He begins to dictate before he has thought out his message, and flounders around for a paragraph or two before he gets on the right track. The result of this slipshod habit is revealed in openings like these:

This is in reply to your letter of October 10, received today, in which you state

(The fact that the letter is a reply to a previous one will be obvious to the reader, who will also know what the previous letter contained, since he wrote it.)

This is to advise that I have received your letter dated March 26.

(This, too, is obvious, since the writer could hardly reply to the letter he mentions if he had not received it.)

Instead of "stalling" for time in which to formulate his thoughts, the writer should complete this preliminary before beginning to dictate. Otherwise the opening will kill the reader's interest instead of stimulating it.

A recent item in *coverage*, house magazine of the Employers Mutual Liability Insurance Company of Wisconsin, indicates that lifeless letter openings are not limited to credit correspondence. The item is well worth reprinting, for it offers sound advice to all letter writers:

How to Tell:

1. Usually occurs in the afternoon.
2. Writer reclines in chair; feet on desk is a sure symptom.
3. Dreamy, far-away look in eyes.
4. Tendency to start letter something like this: "We have your letter of July 12 in which you inquired concerning public liability, property damage, fire, theft, and tornado rates on your 1941 Pontiac Town Sedan" . . . then a long pause.
5. Truly remarkable number of words in one letter, most of them meaningless.

What to Do:

1. Dictate in the morning when you feel fresh—the people with whom you correspond deserve the best you have to give.
2. You can't do productive thinking when you are half asleep. Brace up; be business-like.
3. It's the thing at hand that's important—not what you must do tomorrow or what you'd like to do next week-end. Concentrate.
4. Get over the lazy habit of repeating what was written to you. The other fellow knows what he wrote, so don't annoy him by repetition. He may not be in very good humor—tempers often rise with the mercury.
5. Build up your letter step by step. Decide exactly where you are going and then get there as quickly as possible. It's probably as hot in the reader's office as it is in yours. Why should he exert himself trying to figure out what your letter is driving at

when it was too much of an effort for you to write it properly?

As the preceding paragraphs emphasize, wasting the reader's time is almost certain to irritate him. No one likes to untangle clumsy, involved sentences or wade through meaningless words and phrases to ferret out the meaning of a letter. But such an imposition upon the reader's good nature occurs in many business letters. And usually the first and last sentences are the most flagrant examples in the entire message.

Just as the letter opening should make the point of contact strong and compelling, the final sentence should bring the message to a forceful conclusion. This can be done in several ways—by a clean-cut summary, an offer of service, an appeal to the reader's own self-interest, a pertinent question—but not by a weak-kneed participial ending.

Too many credit correspondents cripple their letters with endings like these:

Trusting we may have the pleasure of serving you, and thanking you in anticipation of future favors, we are

Thanking you for the attention we feel sure you will give this matter, and assuring you of our appreciation, we are

Never "back out" of a business letter by fading awkwardly into the complimentary close.

This Month's Illustrations

Illustration No. 1, used by The Cain-Sloan Company, Nashville, Tennessee, and signed by H. L. Reagan, Credit Manager, is a message of welcome to new charge customers. The letter does an excellent job in promoting the extensive use of credit facilities. Its tone is sincere and friendly; its emphasis is placed on *service* to the new credit patron.

Illustration No. 2, used by the Union Oil Company of California, Los Angeles, and signed by R. D. Roberts, Division Credit Manager, is a "thank you" note for patronage and prompt payment. Such a letter is especially appreciated by persons who take pride in their credit standing, and this well-written message pays excellent returns in consumer good will.

Illustration No. 3, used by the John Taylor Dry Goods Co., Kansas City, Missouri, and signed by H. J. Burris, Manager, Monthly Account Sales, makes a courteous request for payment of past-due accounts. The friendly tone of this letter contributes much to its effectiveness. Notice also that everything possible is done to make it easy for the reader to remit.

Illustration No. 4, used by the Star Furniture Company, Columbus, Ohio, and signed by J. E. Wiggins, welcomes new credit patrons and pledges every effort to serve them well. The body of the message is short, simple, and friendly; the art work gives the letter unusual attention value. ★★★

THE CAIN-SLOAN COMPANY



NASHVILLE - TENNESSEE

January 15, 1948

Mrs. Leo D. Wallace
614 Jackson Court
Nashville, Tennessee

Dear Mrs. Wallace:

Thank you! There is real satisfaction in welcoming you as a charge customer. We feel highly complimented, and we shall try to be worthy of your confidence.

There are sixty-five departments in this store, and there is nearly everything here for you, your family, and your home. Feel free to use your account in ALL of these departments.

Your Charge-Plate is enclosed to make your shopping easier and more convenient. So that you may enjoy full benefit from your credit privileges, we invite your attention to the enclosed guide, "How to Use Your Monthly Charge Account."

Every effort will be made to serve you well, so that we may enjoy one another's confidence, friendship, and respect.

Cordially yours,

THE CAIN-SLOAN COMPANY

H. L. Reagan
H. L. Reagan
Credit Manager

HR/at

Union Oil Company of California

600 UNION OIL BUILDING
LOS ANGELES 14, CALIFORNIA

March 10, 1948

Mrs. John D. Martin
4340 Summit Boulevard
Beverly Hills, Calif.

Dear Mrs. Martin:

Your splendid paying record and patronage of our products through the use of your credit card surely deserve a sincere "Thank you" from us.

Should you ever have occasion to present a business reference, please feel free to use our name. This would give us a welcome opportunity to show further evidence of our appreciation.

Sincerely yours,

R. D. Roberts
R. D. Roberts
Division Credit Manager

rdm:jl

WELCOME!

April 8, 1948

Mr. J. H. Hilliard
1146 Park Boulevard
Columbus, Ohio

Dear Mr. Hilliard:

The account you have just opened here is an indication of your confidence in us, which we will faithfully strive to deserve.

It is our aim to make the STAR a pleasant and helpful place in which to shop, and we shall appreciate any suggestions you may offer toward improving our service.

The opportunity to serve you is sincerely appreciated, and we pledge our earnest efforts to please you.

Cordially yours,
STAR FURNITURE CO.

J. E. Wiggins
J. E. Wiggins

JW:ah



KANSAS CITY, MO.

April 15, 1948

Mrs. Paul F. Marvin
2119 Springfield Ave.
Kansas City, Missouri

Dear Mrs. Marvin:

The check you intended to send us in payment of your account has not yet arrived — probably just an oversight.

This isn't serious, of course. But for the sake of uniformity in handling thousands of accounts, promptness in remitting is very much appreciated.

Don't bother to write a letter, for we understand perfectly how such oversights can occur. Just pin your check for \$39.45 to the enclosed statement and mail it back to us.

An addressed envelope is enclosed for your convenience. Why not take care of this matter right now, while you have it in mind?

Thank you.

Sincerely yours,

JOHN TAYLOR DRY GOODS CO.

H. J. Burris
H. J. Burris, Manager
Monthly Account Sales

Business Conditions and Outlook

• Trends in Business Activity Remain Favorable •

BUSINESS ACTIVITY at the beginning of the second quarter of the new year is continuing at a very high rate, although the changes in recent weeks have been rather slight. The general average of all business, which includes retail trade, industrial production, and financial transactions, is a little less than 10 per cent higher than it was a year ago. Few significant signs of any marked change have yet appeared and this quarter is likely to be the most prosperous of all peacetime periods.

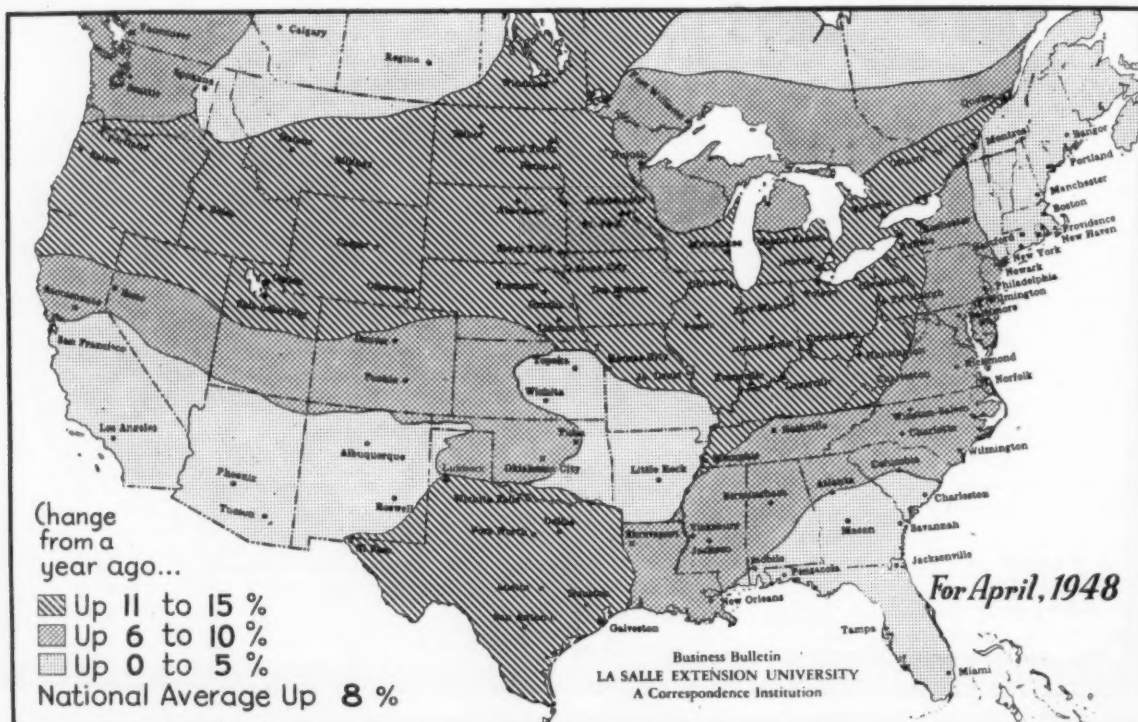
NOT ONLY is the volume of all business transactions large, but also the variations among different industries and in different sections of the country are quite different than they have often been in times of high level of prosperity. The areas in which the volume of business has increased less than the national average are less extensive and the areas of very good business conditions are much larger in comparison than they usually are. In general, the agricultural regions are showing up somewhat better than are several of the industrial districts.

THE LARGEST AREAS in which the volume of business has increased more than the national average include much of the northern part of the country, especially in the Middle West. Also striking are the very good conditions in Texas and parts of the Southwest. Business has been making the poorest showing in the territory around New York City, in New England and in the southern half of the Pacific Coast region. With only minor exceptions, however, even in the poorest regions business is better than it was a year ago. As the price level is higher, the increase in the physical volume of goods produced and handled in some of these places is somewhat lower than it was then.

CONDITIONS IN THE agricultural regions reflect the high farm income, which remains large even though prices have declined in recent weeks. Marketings have been heavy and demand, so far, has been maintained at a high enough level to assure ample purchasing power for some time to come. Crop prospects are favorable and according to present indications, acreage planted, as well as the number of livestock on farms will be large enough to keep a high level of prosperity indefinitely. Conditions in the industrial region around the Great Lakes are almost as favorable as in the farming regions. Both employment and pay rolls remain very close to the peak levels of recent months.

SOME SLOWING DOWN among certain industries has been the factor responsible for the lagging activity through several parts of the East and South. Supply has more nearly caught up with demand in several of the consumer-goods industries which are predominant in the New England states. Tourist trade, especially of the higher priced class, has risen only moderately above the exceptionally high level of a year ago. That fact accounts for the slackening in business throughout parts of the South. The change has not been large; however, business volume has held up surprisingly well.

THE TREND OF BUSINESS in Canada is about the same as in the United States, although in some areas it has slackened somewhat since the first of the year. Two areas stand out as being particularly favorable. They are the industrial region north of the Great Lakes and the main part of the farming districts of the Prairie provinces. Business is holding steady along the Pacific Coast, while in the east it is lagging slightly. In most lines and in most sections of the country, the outlook is favorable for this quarter.—**BUSINESS BULLETIN**, LaSalle Extension University, Chicago, Ill.



LOCAL ASSOCIATION *Activities*



District Two at New York

District Two recently held their annual conference at the Hotel New Yorker, New York, New York, at which time the following officers and directors were installed: President, Hugh Martin, The Addis Co., Syracuse, N. Y.; Vice-President, Wm. Colburn, Savard & Colburn, Albany, N. Y.; Secretary-Treasurer, Elsie M. Taylor, Williams Tire & Rubber Co., Troy, N. Y.; National Director, Paul C. Jackson, C. E. Chappell & Sons, Syracuse, N. Y.; and Alternate National Director, Stannard M. Butler, *Schenectady Union Star*, Schenectady, N. Y. Directors: Joseph R. Martin, Hurley-Tobin Co., Trenton, N. J.; Phillip Gleason, Abercrombie & Fitch, New York, N. Y.; Bessie Armstrong, Wallace Co., Schenectady, N. Y.; W. A. Atkinson, W. L. Hurley Co., Camden, N. J.; R. M. Severa, R. H. Macy & Co., New York, N. Y.; Francis Dockendorf, McManus & Riley, Inc., Albany, N. Y.; and Thelma Greelis, National City Bank, Troy, N. Y.

District Twelve at New York

At the recent convention of District 12, held at the Hotel New Yorker, New York, N. Y., the following officers and directors were elected for 1948-1949: President, Samuel E. Collegeman, S. Kann Sons Co., Washington, D. C.; Vice-President, Ellis Epstein, Hochild-Kohn Co., Baltimore, Md.; and Secretary-Treasurer, Jos. A. White, Harris Stores Co., Pittsburgh, Pa.; National Director, B. C. Gilbert, L. S. Good Co., Wheeling, W. Va.; and Alternate National Director, Samuel E. Collegeman, S. Kann Sons Co., Washington, D. C. Directors: Mary Althizer, H. R. Hironemus Co., Roanoke, Va.; H. A. Olson, Kennard-Pyle Dept. Store, Wilmington, Del.; C. W. Orwig, Commonwealth Trust Co., Pittsburgh, Pa.; J. P. Stedehouder, Landsburgh & Bros., Washington, D. C.; and Willard R. Pool, Diamond Department Store, Charleston, W. Va.

Johnson City, Tennessee

Johnson City, Tennessee's new association boasts 38 members, all affiliated with the N.R.C.A. The following recently elected officers and directors serve for the Associated Credit Managers of Johnson City as well as the Credit Bureau: President, Harry Whitehouse, King's Inc.; First Vice-President, W. F. Shurtz, Pet Dairy Products Corp.; Second Vice-President, Morrell Lacy, Hannah's, Inc.; and Secretary-Manager, H. W. Edmonds, Credit Bureau. Directors: Harry Wolfe, Firestone Stores; M. P. Boyer, Peoples Bank; Frank K. Edmonds, Credit Bureau; Homer F. Bechtell, Montgomery Ward; and W. F. Fine, Sterchi Bros. Furniture Co. All participants in this association have agreed to endeavor to build up the association by doubling its membership with every member trying to get a new member.

Salt Lake City, Utah

The Associated Retail Credit Men of Salt Lake City, Utah, had their annual meeting February 18 at which officers and directors were elected as follows: President, Eldon L. Taylor, Glen Brothers Music Co.; Vice-President, Vernon Best, Utah Oil Refining Co.; Executive Vice-President and Secretary, Harry P. Earl, Associated Retail Credit Men of Salt Lake City; and Treasurer, Harold Lambert, Burton Lumber & Hdw. Co. Directors: Harold Gloe, Morrison-Merrill & Co.; Roscoe Grover, First National Bank; Eldon R. Taylor, Glen Brothers Music Co.; Vernon Best, Utah Oil Refining Co.; Frank Foulger, L. D. S. Hospital; Grace Jones, Auerbach Co.; Harold Lambert, Burton Lumber & Hardware Co.; Ted Press, Utah Power and Light Co.; and Wendell Romney, Z.C.M.I.

Victoria, B. C., Canada

The annual meeting of the Credit Granter's Association of Victoria, B. C., Canada, was held February 10. Officers and directors elected were: President, G. A. Hebden, Diggon-Hibben, Ltd.; Vice-President, Lou Muirhead, New Method Laundries, Ltd.; and Secretary-Treasurer, Harry B. Dawson, Credit Bureau of Victoria. Directors: Leo Evenden, Hudson's Bay Co.; Cyril Henman, Kingham-Gillespie Coal Co.; Percy Noel, Pitzer-Nex Service Station; Tom Novis, Gladwell Motors, Ltd.; Charlton L. Smith, National Motors, Ltd.; Wally Stipe, Wilson Motors, Ltd.; Ray Whelams, Standard Furniture Co.; and Geoff Ellis, David Spencer, Ltd.

Walla Walla, Washington

The Walla Walla Credit Bureau, Walla Walla, Washington, held their annual meeting January 22nd. It was a dinner meeting with 92 members present. Business reports were made, then the evening was topped off with music and other entertainment. The following officers and trustees were elected: President, Myron Jacobson, Garden City Furniture Co.; Vice-President, Melvin Brunton, Gardner & Co.; and Secretary Treasurer, H. E. McGahey, Walla Walla Credit Bureau. Trustees: Kenneth Garner, Table Supply Grocery; Lee Cordiner, Bendix-Music-Electric Co.; Frank Stewart, Wade Clothing Co.; Al Kaseberg, Drumheller Co.; Clair Hobkirk, Perfection Cleaners; Lloyd Mahan, Mahan Fuel Co.; and Arthur Hawman, Attorney.

*Reading this magazine carefully
and regularly will contribute to
your success as a Credit Executive*

Collection Scoreboard

Compiled by the Research Division

March, 1948

March, 1947

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1948			1947			1948			1947			1948			1947			1948			1947		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Atlanta, Ga.	—	—	—	—	—	—	26.5	35.0	21.0	31.3	37.1	21.9	48.2	52.9	46.1	53.4	58.3	48.5	48.7	51.0	46.4	46.0	54.1	37.9
Baltimore, Md.	49.1	50.4	47.3	53.1	60.3	47.3	28.5	29.9	27.0	33.0	42.0	28.0	49.8	51.4	48.0	52.3	56.9	48.0	56.7	57.4	56.0	59.2	61.5	56.5
Birmingham, Ala.	51.5	63.7	41.0	55.1	63.5	42.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Boston, Mass.	—	—	—	—	—	—	31.9	38.0	25.8	—	27.3	—	—	—	—	—	—	—	74.5	79.7	70.3	82.5	85.1	79.9
Cedar Rapids, Ia.	63.5	90.6	62.4	66.9	95.6	64.1	20.8	30.8	13.8	27.3	41.3	21.2	57.3	60.2	54.4	57.6	58.8	56.4	58.2	61.9	54.6	63.4	64.5	62.3
Cincinnati, Ohio	58.3	64.0	53.2	63.0	72.5	55.0	28.9	30.0	21.7	34.8	37.3	29.4	—	46.8	—	—	45.8	—	65.9	92.2	52.3	73.4	92.1	49.7
Cleveland, Ohio	49.6	54.1	45.8	51.2	58.5	48.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	53.5	56.4	48.3	59.3	67.7	53.9	26.2	28.5	22.0	34.1	37.0	28.0	54.3	55.3	53.3	59.0	59.1	58.9	—	—	—	—	—	—
Des Moines, Ia.	—	61.9	—	—	61.4	—	—	28.2	—	—	34.3	—	63.3	70.9	55.6	62.7	74.5	55.7	59.3	65.5	53.1	63.5	70.6	56.4
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City, Mo.	63.4	68.2	60.3	70.5	70.9	70.1	21.3	30.8	19.5	27.4	28.3	26.5	62.1	70.0	47.8	61.1	78.7	44.2	62.1	70.0	47.8	61.1	78.7	44.2
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.	56.3	68.3	52.0	59.6	67.2	56.8	23.4	23.8	19.0	—	—	—	53.6	61.1	50.6	55.9	65.4	46.5	59.3	65.8	62.5	69.4	72.0	65.3
Louisville, Ky.	47.5	51.2	43.9	52.5	54.5	50.6	20.5	26.8	15.3	26.3	36.4	19.3	47.5	55.2	42.0	56.4	61.2	50.8	54.3	60.2	50.5	60.4	67.4	54.8
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	64.3	68.7	59.1	68.3	73.3	62.8	33.4	37.9	29.3	41.3	46.8	35.6	61.8	62.9	60.3	82.6	89.0	76.3	67.4	84.0	61.8	74.3	88.2	68.0
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York, N. Y.	53.7	62.1	53.7	53.2	75.4	45.0	24.2	31.3	19.5	27.9	40.3	20.1	45.9	47.3	44.5	49.4	49.5	49.3	51.8	57.5	46.0	—	—	—
Oakland, Calif.	53.5	65.5	54.9	63.7	66.7	60.1	29.0	33.5	23.6	34.2	40.4	28.3	—	59.3	—	—	56.9	—	61.4	64.4	42.8	64.4	70.9	49.0
Omaha, Neb.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	52.1	60.0	47.0	52.2	60.0	50.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	54.8	56.3	54.0	65.0	68.7	62.6	28.7	33.0	24.4	41.0	44.0	31.9	52.2	58.6	40.4	56.2	64.9	47.2	56.4	58.7	54.6	64.0	72.0	57.0
Salt Lake City, Utah	69.0	77.7	65.8	75.8	85.2	68.5	28.7	31.1	28.5	36.1	38.6	34.6	—	—	—	—	—	—	55.5	61.8	49.2	63.6	70.8	56.6
San Francisco, Calif.	49.2	52.9	44.8	55.1	59.0	31.7	27.8	35.3	25.7	31.7	40.1	20.3	39.2	47.0	37.5	40.2	50.7	35.5	52.1	54.2	48.0	54.1	57.6	46.9
Santa Barbara, Calif.	69.6	81.2	65.0	63.6	77.7	49.1	—	—	—	—	—	—	60.4	64.2	57.0	66.2	79.0	61.2	72.5	76.0	66.9	70.5	78.3	62.5
Sioux City, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	64.5	71.4	57.4	67.5	71.4	63.6	26.3	27.9	24.7	31.9	36.0	27.8	—	74.4	—	—	77.9	—	—	66.3	—	—	73.5	—
Toledo, Ohio	54.1	62.3	47.2	56.9	57.8	52.2	21.0	24.0	14.8	26.8	28.2	24.5	53.0	60.1	51.2	58.9	60.0	57.8	46.7	49.5	43.9	52.8	55.6	50.0
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	56.1	59.4	52.8	58.6	63.2	54.0	34.3	40.9	27.8	38.6	52.5	24.7	52.2	56.8	48.7	55.3	64.0	46.6	—	48.7	—	—	46.6	—
Youngstown, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	44.4	82.6	29.3	59.9	80.6	43.5	21.3	63.4	14.3	31.1	68.5	25.6	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	65.0	70.0	60.1	66.2	67.9	64.6	25.4	26.4	24.4	31.7	40.3	23.1	—	—	—	—	—	—	—	—	—	—	—	—

• February figures; received too late for April CREDIT WORLD.

INSTALLMENT ACCOUNTS outstanding at department stores showed about the customary decrease in February, but continued considerably larger than a year ago. Collections on installment accounts were in somewhat smaller volume than in January, and represented 23 per cent of installment accounts receivable on February 1, one percentage point below the January ratio. The average repayment period for installment accounts outstanding in February was approximately seven and one-half months. Charge accounts receivable were reduced 12 per cent, about the usual rate of decline for February. Collection on charge accounts, which generally show a sharp decrease in February, were

28 per cent less than in the preceding month; they amounted to 49 per cent of charge accounts outstanding at the beginning of the month. At the prevailing rate of repayment, charge accounts would be outstanding about 61 days. There was little change from January to February in the volume of instalment and charge-account sales. Cash transactions declined moderately but continued near the year-ago level. Sales of this type accounted for 53 per cent of the total business. In comparison with the corresponding month of 1947, the expansion in instalment and charge-account sales amounted to 32 per cent and 12 per cent, respectively.—Federal Reserve Board.

Monthly CREDIT STATISTICS



TOTAL CONSUMER CREDIT outstanding decreased about one per cent in February and at the end of the month is estimated at 12,929 million dollars. The 117 million dollar decline was attributable to seasonal contraction in charge-account indebtedness and in instalment sale credit other than that arising from the sale of automobiles. Other major types of consumer credit outstanding showed moderate gains. Charge accounts receivable declined nearly 6 per cent or by the customary seasonal amount in February. Total instalment credit increased 64 million dollars to 6,240 millions. About two-thirds of this increase occurred in the instalment loan segment, which reached 3,399 million dollars by the month-end. Total instalment loans outstanding were approximately 33 per cent greater than a year earlier. Instalment credit outstanding on automobile sales continued to increase at about the same rate which prevailed in January. Other instalment sale credit was approximately two-thirds larger than at the end of the corresponding month of 1947.

Ratio of Collections to Accounts Receivable¹

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	DEPARTMENT STORES
1941 December	20	11	12	23	46
1942 December	31	18	15	30	65
1943 December	35	22	22	55	63
1944 December	36	23	39	49	61
1945 December	36	24	48	46	61
1946 December	35	26	47	44	54
1947 January	29	23	47	26	52
June	28	23	46	24	54
December	29	20	39	31	54
1948 January	24	18	36	19	53
February	23	17	33	17	49

¹Ratio of collections during month to accounts receivable at beginning of month.

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT				SINGLE- PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			SALES CREDIT			LOANS			
			TOTAL	AUTOMOTIVE	OTHER				
1941-----	9,899	5,924	3,744	1,942	1,802	2,180	1,601	1,764	610
1942-----	6,485	2,955	1,491	482	1,009	1,464	1,369	1,513	648
1943-----	5,338	1,901	814	175	639	1,147	1,192	1,498	687
1944									
June-----	5,168	1,840	700	192	514	1,134	1,242	1,370	716
1945									
June-----	5,697	1,987	719	188	531	1,268	1,420	1,544	746
1946									
June-----	7,762	2,908	1,035	336	699	1,573	1,697	2,327	830
1947									
January-----	9,783	4,061	1,566	581	985	2,495	2,080	2,764	909
June-----	10,992	4,918	2,035	880	1,155	2,883	2,271	2,887	916
December-----	13,385	6,156	2,830	1,151	1,688	3,317	2,697	3,612	920
1948									
January-----	13,046	6,176	2,818	1,202	1,616	3,356	2,707	3,240	923
	12,929	6,240	2,841	1,252	1,589	3,399	2,710	3,055	924

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTO-MOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	409	619	313	120	284
1942	1,012	254	391	130	77	160
1943	641	174	271	29	66	101
1944 June	515	138	237	15	44	81
1945 June	532	151	237	11	49	84
1946 June	690	210	290	17	63	110
1947 January	985	337	352	27	114	155
June	1,155	423	395	36	119	182
December	1,688	650	528	52	192	266
1948 January	1,616	632	502	52	170	254
February	1,589	623	492	52	172	250

DEPARTMENT STORE SALES BY TYPE

(Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941—December	53	6	41
1942—December	61	5	34
1943—December	65	4	31
1944—December	64	4	32
1945—December	64	4	32
1946—December	57	5	38
1947—January	57	6	37
June	55	6	39
December	54	7	39
1948—January	54	7	39
February	53	7	40

Granting Credit in Canada

C. B. FLEMINGTON . . Canadian Correspondent

CREDIT OBSERVATIONS on a Tour of the West Coast of the U.S.A.

George Kostman, Office Manager, Famous Cloak & Suit Co., Ltd., Vancouver, B. C.

AFTER THREE WEEKS of extensive study into the credit operations of stores like Mangin's, Hills, and the Emporium of San Francisco; Bullock's, The Broadway, and The May Company of Los Angeles; Meyer & Frank's, and Berg's of Portland; the Bon Marche and Best's of Seattle, I discovered that the ratio of charge to cash was on the increase, credit collections were off, the percentage of delinquents was increasing, and the dollar volume was up and unit sales down.

Cycle Billing is the "new look" in credit. Some difficulties have yet to be overcome, but the improvement over conventional procedures was so great as to make all other methods seem obsolete.

Types of Accounts

1. *Budget (Contract).* All stores visited offered budget accounts for hard goods. One of the noteworthy features of this operation was the fact that payment days did not occur on each day of the month, but on three to six dates each month. For example, in one store visited, payment dates were the 5, 10, 15, 20, 25, and 30 of each month. In another store visited, payment dates were on the 10, 20, and 30 day of each month. Fewer payment dates greatly simplified collection procedure.

2. *30 Day Charge Accounts.* The 30 day charge account was the most popular type encountered. I had always been under the impression that payment dates of monthly charge accounts were quite rigidly adhered to, such as the 10 or 15 day of the month. However, one of the big features in some stores was the fact that customers were allowed up to 90 days in which to pay their monthly account. This was quite general in those stores which discouraged budget accounts on soft goods. Where this practice was followed, the monthly charge collection percentage figures decreased somewhat, but the overall collection percentages remained fairly constant.

3. *Revolving Budget.* The revolving budget in recent months has been adopted by a few stores. Generally speaking the operation of this account is as follows:

A contract is arranged for a credit limit, for example, \$48.00. That same day purchases are made for the full amount of \$48.00. No down payment is required. At the end of the first month, and for five months thereafter, a payment of \$8.00 is made each month. At any time during this period the customer is encouraged to keep her account operating at the limit, \$48.00. In some instances the arrangement is on five months' basis, and in one store, payments were on a twelve months' basis.

This type of account results in increased sales, but the general disadvantage is that when a customer's account falls into delinquency, the delinquency is usually for an amount close to the contract limit.

4. *Coupon Accounts.* Coupon accounts were quite popular, especially in some of the larger stores. The advantages of the coupon account are: Coupons are treated as cash, and since nothing more can be charged than the total value of the coupons, the store can afford to allow contracts to slow paying accounts.

5. *Ninety Day Plan.* The ninety day plan was found operating in only one store. The proposition of this account is as follows: The customer may purchase, without down payment, any amount of goods within her credit limit. Each purchase, no matter how small or how large, is paid in three equal installments, her payment date determined by the cycle in which her name falls: Under this plan the customer does not create a perpetually large balance, but will always have paid off her purchases within ninety days after purchase.

6. *Wardrobe Account.* The wardrobe account was adopted by one store for the purpose of accommodating its customers on seasonal merchandise, and on Christmas shopping. Terms on this account are arranged at three months, without carrying charge. In effect, the wardrobe account is a short term contract account.

Terms

1. *Soft Goods.* Terms on soft goods varied from 33⅓ per cent down with six months to pay, up to 20 per cent down and 12 months to pay.

2. *Hard Goods.* Terms on hard goods varied from 25 per cent down and 12 months to pay, up to 10 per cent down and 24 months to pay.

I tried to form a pattern on the basis of "type of store." However, individual terms were based directly on the policy of the particular company and seemed to bear no relationship to the price level of goods handled.

Methods of Authorizing Monthly Charge Accounts

General Observations. There were many methods of authorization on monthly charge accounts, but only those most commonly in use are mentioned here. In some instances the method of authorization had been passed down over a long period of time. In some instances where new credit account methods have been installed, the old authorization methods were still in use.

1. *Cross Reference, Alphabetic or Street Address.* Both alphabetic cross reference and street address cross reference were in operation in several stores. Great

care had to be exercised in the co-ordination between change of address clerks, freezing notice clerks, and new account clerks, so that all information pertaining to any given account was not only shown in the account proper but was also reflected on the cross reference.

2. *Credit History.* In Cycle Billing, authorizing from the credit history (transcript ledger) has become fairly common. By this means, no cross reference whatsoever is required unless desired for secondary tracing.

3. *Negative Authorization.* The advantage of negative authorization lies in the very great speed with which a clerk can work. One of the disadvantages, of course, is that since every name is not controlled, there is more of a possibility that certain slow accounts might be omitted. Negative authorization is also used in conjunction with direct credit history authorization. In this operation, delinquent lists are distributed to every sales department in the store periodically, and floor authorization can be allowed with far less risk.

4. *Draw-back System—Sends.* In this method, purchases of any amount are passed directly from the sales department to the delivery department. The sales checks involved are sent by tube to the authorization office. Any sales checks which cannot be approved are called to the delivery department and the merchandise is returned to the sales department together with the sales checks.

5. *Charga-plate.* Charga-plate is an embossed metal plate which serves both as a credit card for the customer, and a printing plate for the store. By this means, an imprint of the name and address is made on the sales check, and purchases can be cleared at far greater speed than if the name and address had to be written. Cash receipts are prepared in the same manner. The accuracy factor is positive in every instance.

6. *Floor Limit.* One of the most frequently used slogans was "Don't spend \$10.00 to save \$1.00." This seems a dangerous thought to a credit man. However, the practice of "floor limit" reflected those exact words.

A shopper can walk into almost any store, claim herself to be a charge account customer, and make purchases varying from \$2.50 to \$10.00, depending on the store, without any identification whatsoever. On first sight, it would appear that the fraud losses would be immense, but I was assured in every store visited that this was a negligible amount. The purpose of this laxity was to expedite service on small items. Although, as a Canadian, I could not feel convinced that this practice was a good one, nevertheless I had to admit that it eliminated a major service problem.

Methods of Authorizing Budget Accounts

General Observations. The problems in authorizing budget accounts were numerous. So many problems were encountered in regard to the ultimate authorization of the sales check that it would be unfair to say any one method was completely satisfactory. Some of the difficulties were:

1. The sale may be rejected at the credit office, in which case preparation of the sales check results in needless clerical work as well as sales check control.

2. If the sales check is sent out of the department for examination by the credit office, there is possibility that the audit department may lag several days before the missing check is cleared.

3. In the stores where the purchase proposal form was used there seemed to be considerable clerical work involved. It can be readily seen that in order to maintain a satisfactory flow of sales checks, and also to give the credit office an opportunity to view the actual sales checks, many difficulties have to be overcome. Outlined below are some of the methods in current operation:

(a) *Register Audit.* Under the method of register audit, sales check control is not of very great importance, compared with conventional methods of sales audit. Sales checks may be handed to the customer prior to validation, and it becomes the customer's responsibility to take the checks to the new accounts section of the credit office to have her sales checks authorized. The customer then returns her portion of the authorization to the sales department and picks up her merchandise. On sends, the new accounts section forwards the customer's portion of the sales check to the sales department with appropriate instructions.

(b) *Sales Check by Tube.* In this method both portions of the sales check are sent by tube to the credit office. On the contract being arranged, both portions of the sales check are authorized and the customer receives her own part which she then takes to the sales department of origin and picks up her merchandise. On sends, the credit department forwards the customer's portion of the sales check to the sales department for subsequent delivery.

(c) *Telephone Authorization.* This operation is handled exactly the same as telephone authorization on a monthly charge account. The customer arranges a contract to cover her total purchases. The amounts involved are entered on a purchase proposal card by each sales person. When the contract is arranged, the credit department telephones the various sales persons affected who then write out their respective sales checks. The sales checks are then cleared by phone.

(d) *Purchase Proposal.* The purchase proposal is in fairly common use. By this method the sales clerk writes up a purchase proposal in place of the sales check, the customer receiving one copy and the other remaining in the sales department attached to the merchandise. On a contract being arranged in the credit department, the purchase proposals are either phoned back to the sales department, or the customer returns her portion of the purchase proposal to the sales department. The sales checks are then prepared and attached to the purchase proposal.

Methods of Receipting

The receipting machine may be considered as the receipting standard. Using a receipting machine, some stores showed the customer's name on her part of the receipt, and some did not. I came across many variations, but the fact that each receipt was consecutively numbered by the machine provided an exact ticket control, whatever medium was used as a receipt. A very satisfactory method used was to have the customer write up her own receipt when she came in with her payment, exactly as in the bank. Of course, wherever possible, the customer's statement was used as a receipt.

(To be continued next month.)

The Factbilt Round Table

A page devoted to improving the mutual cooperative relationship between members of the National Retail Credit Association and the Associated Credit Bureaus of America.

HAROLD A. WALLACE



A Quiz For Credit Bureau Users

STERLING SILVER is a standard of worth. It retains its value through centuries and can always be made to shine with the same soft glow it had when struck. It is basically pure and represents an achievement in quality. But, the finest sterling is affected by the treatment it receives. Exposed to today's smoke-laden air, it becomes tarnished. It must be polished and repolished to retain its original beauty.

I began this article with a reference to sterling silver because I wanted to talk to you about a sterling business aid—your credit bureau.

The credit bureau principle is sterling because *in* and *of* itself it has worth. It was instituted by credit managers themselves. It rests upon one of the cornerstones of our democracy—cooperation. But like sterling, credit bureaus must be examined, cared for, and used if they are to retain their lustre. The care required is simple, but only you can give it.

A credit bureau requires two types of revenue to continue operation: First it must have money, second it must have the antecedent and trade experience from your credit applications and files. With this data it can build its master records completely and serve all credit granters well.

Let's discuss this second requirement—the information you furnish—in this article. A few simple questions will bring out my points better than a lengthy discussion. Your honest answers will tell you whether you are taking proper care of one of your most valuable assets—local credit bureau service.

● Do you send your credit bureau a list of new accounts opened at least once each month? Many firms do. This gives the bureau a list of the customers with whom you have accounts. It reduces the number of credit bureau calls to those instances when you actually have experience to report. Then it assures you that the credit bureau will know of accounts in which you are interested. The bureau can then notify you when a particular customer is getting involved.

Remember other credit granters and the bureau cannot know of your customer's obligations to your firm unless the bureau has the information.

● Do you call the credit bureau on all new accounts? If the answer is "No," the loss is almost wholly yours.

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.

You miss vital information that may be in bureau files. I don't have to tell you that it is dangerous to open accounts without checking them through the credit bureau. I am simply reminding you of the importance of doing so.

● Are you reporting unsatisfactory experiences with consumers to your credit bureau at least once a month? When you and other merchants do this, you increase the value of the credit bureau to every one.

Wouldn't you like to know that every account placed with a collection agency or attorney, every charged-off bad debt, repossession record or indication of family trouble was recorded in your credit bureau's files? The first step in achieving this Utopian state of affairs is to make sure you did your part by furnishing your information to the bureau.

Check on Border-Line Customers

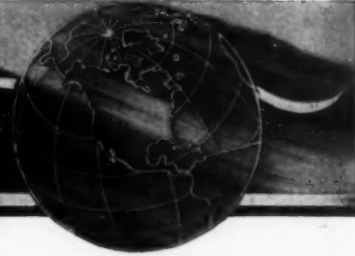
● Do you check on the marginal or border-line customers? Do you find out from the credit bureau how your customers are paying others, and whether they have asked for more credit even though they owe you a balance? Remember, the signs we see on bridges—"Load limit, 12 tons." People have a credit load limit. You may overload the customer until he becomes a bankrupt or a chronic slow payer if you don't take time to determine his credit capacity.

● Do you have the credit bureau order a Previous Residence report on every newcomer who asks for charge account privileges? This should be done to obtain a transfer of the customer's home town credit record. We are fond of saying, "Since there are credit bureaus in 1,425 cities, a person's credit record follows him like a shadow." But before we can identify a shadow we must know by whom it is cast. We can know that person only through a Factbilt report. The next time you receive an application for credit from a newcomer, tell your credit bureau that you want to order a Previous Residence report on ACB of A form No. 5. This will get you exactly the facts you need to determine the newcomer's credit worth.

If your answers to these question are "Yes," then you are doing your part to keep credit bureaus functioning properly. If all retailers meet these requirements then your credit bureau can meet your demands for prompt and adequate service. Speed in rendering credit bureau reports depends on gathering business information before your inquiry is received.

You are the one who helps the bureau give this kind of service by the way you file your information. ★★★

In The NEWS



THE QUESTION OF PRICES and what is likely to happen to them in the months ahead took the spotlight at the National Marketing Conference, March 11-12, Hotel Jefferson, St. Louis, Mo.

THE COMMUNISTS' one goal is world revolution with the Soviet Union regarded as the main force. They are incapable of accepting the idea that peace can endure from now on, and they expect one more catastrophic war.

DEPARTMENT STORES that engage in, but do not solicit, charge account business, find more than half present sales are charges. That is reverse of situation a year ago.

CONSUMER CREDIT has reached a new high level, more than \$13,000,000,000. Even with price tags unchanged, credit business means profit cut to most merchants. It is a concession they are making to move goods, a sales boosting device that costs money, **NATION'S BUSINESS** said in the March issue.

MEAT INSTITUTE figures show this year's meat supply 8 per cent under last year's, 4 per cent above '39-'41 average.

TOTAL TAX REVENUES, federal, state, and local, took 23 per cent of national income last year.

MONEY IN CIRCULATION dropped \$775,798,701 this January, according to the monthly statement of the Treasury. The decrease was the largest for January in three years.

THE CENSUS BUREAU says in a 150-page population report that young folk in the marriageable age group—18 to 25—are declining. By 1956 there will be 12 per cent fewer in this age bracket than in 1947. Population experts say this means fewer "first" marriages, therefore less demand for engagement and wedding rings, silver and other presents. There will be less business for wedding gift shops.

A 20 PER CENT GAIN in toy sales is seen, according to orders placed at the American Toy Fair in New York. The high birth rate and greater volume of low-priced toys are contributing factors.

THE CONTROLLERS' CONGRESS of the National Retail Dry Goods Association reports department stores last year made 4.1 per cent net profit after taxes on sales, compared to 5.2 per cent in 1946. The average sale was higher and total sales receipts greater, but the number of sales declined 4 per cent.

FIFTEEN YEARS AGO Webster's New International Dictionary referred to an atom as "an indivisible particle."

IN THE PERHAPS not remote future, Weather Bureau planes at strategically located stations, may be on call to divert the right allotment of rain cloud and precipitate moisture in the right place.

AN EIGHT-MAN JOINT government and industry mission has gone scrap hunting in a big way in the battlefields and blasted factories of Germany to determine what can be salvaged and sent to feed the scrap-hungry U. S. steel mills.

THE TAX REDUCTION program is intended to provide relief from hardships, to increase the supply of savings for use as risk capital, to offer greater incentive for investment, and to assure continuance of production and employment at high levels.

CONSUMER INSTALMENT LOANS OUTSTANDING at the principal cash-lending institutions increased

about 1 per cent during February, amounting to an estimated 2,712 million dollars by the month-end. Gains were experienced by each type of lender and total amount outstanding was nearly 32 per cent larger than a year earlier. The volume of loans made during the month was 5 per cent below that of January, but roughly one-fifth higher than February 1947 volume.

INSTALMENT ACCOUNTS RECEIVABLE of jewelry stores declined somewhat less than is usual in February, while those of household appliance stores were unchanged at the January level. The decrease in the amount outstanding at furniture stores was about seasonal, and at the month-end accounts receivable continued well above a year earlier. The outstanding balance on instalment accounts of jewelry stores showed a 60 per cent rise from the corresponding month of 1947, and for household appliance stores, an 80 per cent rise.

COLLECTIONS OF FURNITURE stores were 17 per cent of instalment accounts outstanding on the first of the month, as compared with 18 per cent in January. The jewelry store collection ratio was 17 per cent, two points below that in the preceding month. At household appliance stores the ratio was down three points to 33 per cent.

SOME 950,000 DWELLING units will be started this year in urban areas, the Bureau of Labor Statistics predicts. This would represent an increase of 10.5 per cent over last year's total of 860,000 units started. This year's figure will exceed the record 1925 total of 937,000 units.

PURCHASING POWER of the average American family continues to be higher than a year ago, and indications are that it will remain high. This is revealed in the monthly Investors Syndicate survey of 'real income,' which is the relationship between revenue and living costs. The next break in the price structure is more likely to come in clothing than in food, the survey reports.

THE AMERICAN people in 1947 had about \$20 billion more income, but put \$1.8 billion less into long-term savings than in 1946. Total savings accounts rose about \$9 billion in 1947 on a national income estimated at \$197 billion.

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for The Credit World

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NATIONAL RETAIL CREDIT ASSOCIATION
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A MESSAGE FROM THE PRESIDENT

PROBABLY AT NO TIME in the history of our Association has credit been of greater importance than NOW. In addition, there is the unpredictable future. Retail credit today assumes a greater significance in maintaining a balanced economy and sustaining the American standard of living.

The pressure is now on from consumers who are determined to maintain their high standard of living. For this reason they are using their credit more and more so there is a real job ahead for all of us credit executives to educate new credit customers to use their credit intelligently.

The pressure is also on from top management for increased sales by promoting better customer relations, improved service and for a more aggressive merchandising of credit.

We in the credit field cannot remain complacent. It is my conviction that the alert credit executive of today has a vital contribution to make to profitable merchandising. All of us should be conscious of our responsibilities and utilize the power of credit as a selling tool to extend the influence and prestige of our Association. We should guard against competition in credit terms and at all times strive to promote a sane and sensible credit policy. We must have vision and adopt a long range viewpoint to uphold sound principles of credit granting, and work toward the end of improved standards in extending retail credit.

When I accepted the distinguished honor of President of your Association, I did so with a feeling of great pride, knowing full well that such a great responsibility could not be borne alone. I also realized that another year's success for our National Association depended upon the extent to which our members would help and support me during my term of office. I am proud of our progress this year, which is emphasized by our strong financial position and the substantial increase in membership. Today our membership is the largest in the history of our Association and 25,000 will soon be a reality. With the great potentialities and the interest that is being manifested, our prospects are encouraging and our possibilities unlimited for the future. We must continue to put forth a greater effort to broaden our activities and make a *strong* National Association *stronger*.

In my travels throughout the United States and Canada during the past year, I was most cordially received by all our members and to them I want to express my sincere thanks and appreciation. I will always feel indebted to the entire membership for its excellent cooperation and faithful support of my administration. My memories of this year will always be a treasure of inspiring friendships.

I am deeply grateful to the Officers and Directors, and to the personnel of our National Office, and of all Committees for their excellent cooperation. They all have made a real contribution to the progress of our Association.

It is my sincere hope that I will have the pleasure of seeing all of you at Banff.


Hugh L. Reagan

